

WORLD NEWS

Miner dies in S Africa pit violence

A black miner has been killed and about 20 hurt in clashes at the Lihlong gold mine south-west of Johannesburg which appear to have been the most serious violence in the South African mine strike.

After two weeks there seemed to be no weakening of solidarity among the 300,000 strikers, and no sign that mine owners were ready to resume pay talks.

At least 20 strikers died when their bus hit a cliff while taking them to their homes in the eastern Cape.

Blast kills man

A man died and 23 people were hurt when an explosion demolished a four-storey building in Balham, South London. Rescue workers were still trying to rescue three people. A gas leak was suspected of being the cause.

Shooting victims die

Two victims of Hungerford gunman Michael Ryan, Myrtle Gibbs and Ian Layle, died in hospital, bringing the death toll from Wednesday's shootings to 16.

China border move

China and the Soviet Union agreed in principle on redrawing their eastern boundary, which has been in dispute for more than 20 years. Page 3

Mark ends holiday

Gary Mark said he was cutting short an Irish holiday, amid speculation that he might re-enter the race for the US Democratic Party's 1988 presidential nomination. Page 2

Second mass autopsy

A second autopsy was carried out on the body of Hitler's deputy Rudolf Hess after his family said they did not believe claims that he committed suicide. Page 3

Filipino report

Filipino political system should be changed to let ethnic Filipinos dominate Parliament, but links with the British Crown should be kept, an official report said. Page 3

'405 Libyans killed'

Chad said its troops killed 405 Libyans while repulsing a Libyan attempt to recapture the town of Aouzou this week.

Captain's body found

The bodies of British captain Gerry Blackburn and an Indian seaman, missing since the supply boat Anita hit a mine and sank in the Gulf last week, were found.

SDP prediction

Ninety per cent of SDP members would join an Alliance for-ward by merger with the Liberals, SDP founder member Bill Rodgers predicted. Page 4

Rest to go on trial

Young West German pilot Mathias Rust, who landed a light aircraft on Red Square in May, will be tried in Moscow on September 2. Tas agency said.

Agino burned in effigy

Demonstrators protesting about rising petrol prices burned Philippine President Corason's effigy in Manila, the fourth anniversary of her husband's murder.

Fourth leader

Editorial consultant Bill Nutting was appointed editor of the News on Sunday, its fourth issue was launched in April. Page 4

MARKETS

DOLLAR

New York lunchtime:
DM 1.5165
FF 6.0775
SF 1.50475
Y102.4

London:
DM 1.513 (1.5275)
FF 6.0775 (6.1125)
SF 1.5045 (1.5145)
Y102.7 (104.1)

Dollar index 101.3 (102.0)

Tokyo close Y163.0

US LUNCHTIME RATES

Fed Funds 6.4%
3-month Treasury Bills:
yield 8.22%
Long Bond: 9.4%
yield: 8.05%

GOLD

New York: Comex Dec latest \$464.4

London: \$458.0 (456.75)

Chief price changes yesterday: Back Page

Austria Sch 22; Bahrain Din 0.550; Belgium FRF 48; Canada C\$1.00; Cyprus C\$1.75; Denmark Dkr 8.00; Egypt E£2.25; Finland Fmk 7.00; France FF 150; Germany DM 2.25; Greece Dr 332; Hong Kong HS\$72; India Rps 15; Indonesia Rp 3.100; Israel NS 3.50; Italy Lit 1,600; Japan ¥800; Jordan Jds 0.50; Kuwait Kwd 4.00; Lebanon L£1.00; Luxembourg FF 3.00; Malaysia RM 1.25; Mexico Ps 20; Morocco Ds 3.50; Netherlands f 3.00; Norway Nkr 7.00; Philippines Ps 20; Portugal Esc 200; Saudi Arabia Rls 1.00; Singapore S\$4.10; Spain Ptas 165; Sri Lanka Rup 20; Sweden Skr 8.00; Switzerland Sfr 2.20; Taiwan NT\$80; Tunisia Din 0.500; Turkey Liras 1.500; USA \$1.00; Venezuela Bps 2.00.

SELLING PRICE IN IRELAND 80p

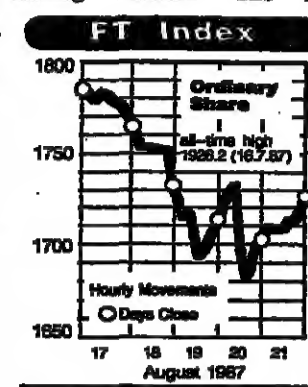
BUSINESS SUMMARY

RHM in renewed bid speculation

GOODMAN FIELDER, the Australian-based food group, yesterday raised its stake in RHM from 18.5 per cent to 21.02 per cent, renewing speculation of a bid for the British food manufacturer.

The share purchase cost Goodman £52.9m and moved the company closer to its ambition to be a global force in the food sector. Back Page

EQUITIES rose in late trading as analysts took a closer look at Thursday's money supply and bank lending figures and as the market moved into the new trading account. The FT



Ordinary Index jumped 27 to close at 1,727.2, a drop on the week of 1.1. The FTSE 100 index rose 20.5 to 2,205.8, down 89.6 on the week. Stock market. Page 12

UK BUILDING SOCIETIES repossessed a record 11,820 homes in the first six months of this year, increasing fears of worsening debt problems. Page 4

NATIONAL Bus Company sold its Luton and District Transport to an employee buy-out consortium, the first such sale in its privatisation of 72 subsidiaries. Page 4

UK CONSTRUCTION output is set to grow by 7 per cent this year and 3.5 per cent next year, outstripping its European rivals, according to industry forecasts. Back Page

JI CASE, US tractor and construction equipment maker, is cutting more than 1,000 jobs at Meltham, West Yorkshire and Leigh, Manchester, through continued rationalisation at its tractor operations. Back Page

SCHROEDERS, the merchant bank, started legal proceedings against the accounting firm Deloitte Haskins and Sells over the listing particulars of PPL (Holdings), computer software company which called in the receiver in January. Page 5

TAKEOVER PANEL cleared plans by financial services group Guinness Peat to install a new management at its merchant banking arm Guinness Mahon. Page 5

DEWEY WARREN Holdings, Lloyd's insurance broker, is to raise \$54.6m in a two-for-one rights issue to help fund acquisitions and develop its financial services activities. Page 5

ELDERS I.L., leading Australian company, is to spin off 35 per cent of each of its three main operating divisions, with a London flotation possible. Back Page

COMPAGNIE Financiere de Suez, French state-owned investment banking group, hopes to raise at least FF900m (£80.7m) in new capital when privatised early in October. Page 10

Soviets ready to join Gulf minesweeping if warships withdraw

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE SOVIET UNION has expressed willingness to participate in an international minesweeping effort in the Gulf, provided such a move is accompanied by the withdrawal of all foreign warships except minesweepers from the region.

The statement from the Soviet Foreign Ministry, released yesterday by the Soviet embassy in London, represents a development in Moscow's position in the Gulf crisis, which has hitherto consisted largely of insisting on the unconditional withdrawal of foreign navies.

It shows that the Soviets, like several Western countries, now regard the planting of mines as a significant threat to freedom of navigation in the Gulf. But its significance lies in the fact that Moscow has had at least two minesweepers in the Gulf for some time.

It is not clear whether these have been used for minesweeping duties or simply to escort Soviet flag merchant ships.

The statement condemned all acts which interfered with freedom of navigation, including mining. It can be taken as an

implicit criticism of Iran, which has been widely blamed for the proliferation of mines in international waters.

"We consider it necessary to start the search for a solution to the problem of mine clearing in the context of international efforts to normalise the situation in the area," the statement said.

"Such efforts should go hand in hand with the withdrawal of naval forces of outside countries, except minesweepers which would stay in the Gulf for an agreed period."

Soviet criticism of the US military build-up in the Gulf has been unremitting in recent weeks. Yesterday's statement reiterated Moscow's claim that by bolstering its forces in the region Washington was violating a clause in the recent United Nations Security Council resolution calling for a ceasefire in the Iran-Iraq war. This clause urges all parties to exercise "maximum restraint" and to refrain from acts which might worsen the situation.

This difference between Moscow and Washington makes

it unlikely for the time being that an international minesweeping force could be put together. Another impediment is Washington's refusal of a Soviet offer of high-level bilateral talks on the Gulf, on the grounds that this might "legitimise" the Soviet presence there.

Soviet officials say Moscow remains keen to pursue political solutions to the crisis, through implementation of the Security Council resolution.

Unlike the US and Britain, it believes there is still a chance for mediation in that Iran has not rejected the resolution out of hand, and has invited Mr Javier Paredes de Cuellos, the UN Secretary-General, to Tehran. Mr Paredes de Cuellos is considering whether to go.

There is suspicion of the Soviet stance in the West, however. The US and Britain believe Moscow is keeping its options open with a view to enhancing its influence in Iran.

US to beef up naval command, Dutch call for W. European initiative. Page 2

Stock Exchange acts on share transfer backlog

BY CLIVE WOLMAN

THE Stock Exchange and company registrars yesterday announced an initiative to ease the backlog of unsettled transactions, or bargains, by allowing share transfers to be certified swiftly through a central facilities service.

An office will be opened in the next few weeks, probably in a corner of the largely empty Stock Exchange floor, with facilities links to the main company registrar services.

An investor who has sold shares but cannot deliver the share certificates because the certificates have not yet been delivered, will be able to send a broker to the Stock Exchange office with a transfer form.

A copy will then be sent by facsimile to the relevant share registrar, who will certify it and return a copy by facsimile. This will allow the Stock

Exchange to certify the broker's original form which can then be delivered, in place of a share certificate, to the new purchaser in exchange for cash.

Mr Noel Walker, managing director of St Regis Registrars and chairman of the Registrar's Group, said: "We will probably have a gold star service which will achieve a two-hour turnaround, when there is a lot of money at stake."

He said the investor would probably have to pay about 25p for this service. A cheaper 24-hour service would be offered, plus a three-day service with no charge to the users, which would use couriers rather than facsimile.

The Stock Exchange has an existing certification service, but only for investors who can deliver their share certificates.

Mr Walker estimated that

less than 1 per cent of the 60,000 or so share bargains transacted daily through the Stock Exchange would have to be settled through the new service, although this will include many of the largest bargains—and that registrars would be able to rely on their existing staff to operate it.

The attraction of the system to sellers is that it will allow them to receive their money as soon as they deliver the certified documents.

Mr Walker warned against seeing the system as a panacea. He said many of the delays were in the back offices of the securities firms rather than in the process of transferring the documents to the company registrars. "We are still getting the documents from brokers now for deals which were done in April and May," he said.

Manpower recommends raised bid of \$1.3bn from Blue Arrow

BY JAMES BUCHAN IN NEW YORK AND PHILIP COGGAN IN LONDON

MANPOWER, the world's largest employment agency, yesterday recommended acceptance of an increased \$1.3bn (£835m) bid from Blue Arrow, the UK recruitment group, after rejecting a lower offer last weekend.

Blue Arrow's victory is the culmination of three years of swift growth since it joined London's Unlisted Securities Market in 1984, valued at only £2m. Before the offer Blue Arrow was capitalised at about \$400m, and the acquisition will triple the group's size.

The bid is the latest in a series of successful offers for well-known US corporations by medium-sized British groups. UK companies have made bids for US groups to the value of about \$10.5bn this year.

The increased cash offer of \$2.50 per share represents a 10 per cent improvement over Blue Arrow's original \$75 per share bid. Manpower's shares jumped \$3 to \$51.18 yesterday.

Analysts said arbitrageurs who own as much as 40 per cent of Manpower, believed a higher bid was unlikely. "I think we got it," Mr Tony Berry, Blue Arrow chairman, said in New York.

However, as late as Wednesday night, Adia, the Swiss employment services group, was

standing by with an alternative offer. The Swiss offer, which Blue Arrow believes ranged from \$2.50 to \$3.00 a share, was apparently presented in the form of cash and securities and involved immediate payment. Representatives of Adia could not be reached for comment.

Manpower's agreement followed a fortnight of behind-the-scenes activity by the Milwaukee-based group, which it considered alternative strategies, including a recapitalisation plan and a large acquisition. In the end, Blue Arrow helped clinch the deal by safeguarding the position of the Mitchell Fromstein, Manpower's chief executive.

The agreement envisages Mr Fromstein, who has signed a three-year contract, staying on as chief executive of Manpower, and joining the Blue Arrow board.

"I am glad that he stayed," Mr Berry said yesterday. "It allays fears in the UK that we might not be able to manage this large group. I never wanted a hostile bid in the first place. It is just in America you have to prove you can put the cash on the table before making a friendly offer." Mr Berry said he and Mr Fromstein shared similar ideas on offering higher-margin permanent employment

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British markets steady after volatile week

BY JANET BUSH IN LONDON AND IAN RODGER IN TOKYO

BRITISH financial markets ended an extremely volatile week on a calmer note yesterday as some investors tentatively stepped into the equity and UK Government bond markets looking for bargains after Thursday's dramatic falls.

The dollar, however, had another difficult day as traders reacted negatively to official statistics showing US economic growth had been weaker than previously estimated in the second quarter and a lower than expected rise in consumer prices last month.

Although a longer-run view would suggest the prices data were encouraging news for the US economy, traders took the figures badly as they seemed to make less likely an interest rate rise which would bolster the dollar and increase the attraction of US bonds.

In London gilt closed about three-quarters of a point higher as yields on longer-dated stocks—which had touched 10 1/2 per cent after Thursday's news of a \$4.9bn jump in bank lending last month—were attracted by small-scale but fairly persistent buying.

Anecdotal evidence suggests overseas investors are starting to show interest in current, very attractive yields but still feel market conditions are too volatile to actually buy stock. The mood remained highly nervous yesterday and the focus was now turned to the next set of key official statistics—July's balance of payments on September 1.

On the London equity market the FT-SE 100 index closed the day 20.8 higher at 2,205.8, still some 90 points below last Friday's close and 20 points below the level it reached the day after base lending rates rose to 10 per cent.

Continued on Back Page

The FT Ordinary Index closed 27 points higher at 1727.2, reflecting tentative bargain-hunting and a positive opening on Wall Street. Nerves in this market, too, are looking for bargains after Thursday's recovery had little conviction.

Sterling closed a touch weaker against most currencies, rose against the weak dollar. Overall, the Bank of England's trade-weighted index finished 0.2 up on the day at 72.6.

The dollar again lost ground, closing in London at DM 1.8180 compared with Thursday's closing DM 1.8275 and at ¥142.70 after ¥144.10, somewhat above the day's lows of DM 1.8145 and ¥142.90.

Business was most active in Tokyo, where the Bank of Japan again intervened to support the dollar, and in New York after the figures were released.

In Tokyo the dollar got off to a bad start when Mr Kiuchi Miyazawa, Japan's Finance Minister, was reported as saying that now was not the time for co-ordinated central bank intervention. He said the currency rate was "better left alone" sending the dollar sharply downwards again.

Mr Yasushi Mieno, the Bank of Japan's governor, said at a parliamentary committee hearing that the bank was ready to carry out co-ordinated market intervention to stop the rapid rise in the yen if necessary.

He attributed the dollar's fall this week to last Friday's poor US trade figures and "speculative selling," but predicted it would not continue to decline.

US statistics, Page 2; Editorial comment, Page 6; Let's, Back Page

Unit trust sales surge to record £1.87bn in July

BY ERIC SHORT

A SURGE of interest in unit trusts in July brought gross sales of units for the month up to £1.87bn, more than a third higher than the earlier record of £1.4bn set in the previous month.

Total unit sales in the first seven months of this year, according to figures issued yesterday by the Unit Trust Association, have topped £11bn monthly and have now reached £8.82bn, against the annual record of £8.6bn set for the whole of 1986.

The strong popularity of unit

trusts, for which sales are expected in the industry to top £11bn again in August, reflects a number of factors. buoyant stock markets worldwide have been attracting investors to equities in general and to unit trusts in particular.

New marketing outlets bringing unit trusts to a much wider public have been opened by the progressive entry of traditional life companies over the past two or three years. These companies have now reached Continued on Back Page

Record repurchases by building societies, Page 4

WEEKEND FT



ISLAM

Sectarian differences between Sunni and Shia approaches political conflicts as tensions mount in the Gulf region. Page 1

FINANCE

Polarisation—advisers in two camps. Page VI

PROPERTY

Full details of the ICI move on Millbank. Page VIII

NICARAGUA

Shades of Oliver North—in 1985. Page XII

EUREKA!

Mini-television. Page XIII

ARTS

Britten's War Requiem in Berlin. Page XV

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1 year	£1,545	3 years	£3,086
2 years	£2,783	5 years	£5,368

*Figures to 18.87. Source Opal, offer to bid, net income reinvested.

For further details, telephone 01-489 1078 or write to Oppenheimer Trust Management Limited, 66 Cannon Street, London EC4N 6AE.

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OVERSEAS NEWS

Hart 'considers re-entering race for president'

BY LIONEL BARBER IN WASHINGTON

MR GARY HART, the former Democratic Party presidential candidate, said yesterday he was considering re-entering the race this autumn.

In the US, associates of the one-time Democratic front-runner expressed disbelief. Mr Hart withdrew his candidacy last May after it was widely reported that he spent a night with a Miami model in his Washington townhouse.

The speculation was touched off by Mr William Dixon, Mr Hart's campaign manager until a few days before his withdrawal, who predicted the former Colorado Senator would be back in the race in the next 30 to 60 days.



Gary Hart: not gone fishing

Mr Hart, pressed by reporters yesterday in Ireland, fuelled matters by refusing to confirm or deny the rumours. But he told the Irish Radio and Television network that he was returning to the US immediately "because of developments."

Most of Mr Hart's campaign staff have defected to other Democratic candidates. Moreover, Mr Hart still owes about \$1.6m from his 1984 and 1988 runs for the presidency.

The Washington Post reported yesterday that Mr Hart and his aides had discussed the possibility of re-entering the race as a way to get federal matching funds for his 1988 campaign. These funds are available to declared candidates who can show that they have raised at least \$100,000 in total from 20 different states.

The Federal Election Commission refused to match Mr Hart's own contributions because he did not apply for funds until 10 days after his withdrawal. The commission, however, is to hear a final appeal early next month. If he revived his candidacy, Mr Hart would be eligible to qualify for almost \$1m under commission rules.

Mr Hart's 1988 campaign was dogged by debts from 1984 when he came close to beating Mr Walter Mondale for the Democratic nomination.

Though Mr Hart withdrew in disgrace last May, he remains far better known than the seven other Democrats now in the race: Mr Bruce Babbitt, former governor of Arizona, Mr Michael Dukakis, governor of Massachusetts, Senator Paul Simon of Illinois, Senator Albert Gore of Tennessee, Rev Jesse Jackson, Congressman Richard Gephardt of Missouri, and Senator Joe Biden of Delaware.

At least two other Democrats are considering running: Congressman Pat Schroeder of Colorado, and Senator Sam Nunn of Georgia.

Argentina starts signing of debt agreement

By Stephen Fidler

Argentina and its creditor banks yesterday started the signing of a \$34.7bn rescheduling agreement and a Citibank official said his bank hopes to swap \$500m of loans for investment in Argentine companies, agencies report from New York.

The agreement is the first to include a menu of options, and includes provisions for debt-to-equity conversion and exit bonds to allow banks to absent themselves from future financings. Bankers said it was the quickest major rescheduling agreement ever put together.

Mr Richard Handley, president of Citibank in Argentina, said that the New York bank hoped to make around \$500m in debt-to-equity swaps but gave no further details.

The package includes restructurings of about \$30bn of public and private sector debt, a trade credit maintenance facility, a standby money market facility of about \$3bn, and \$155bn in new money.

Argentina's first drawdown for \$750m on the new loan is expected to occur next month, provided a loosely defined "critical mass" of the country's 320 creditor banks signs.

"We consider this to be a considerable step forward," economy minister Mr Juan Sourrouille said at the signing.

The new money facility comprises a \$1.95bn medium-term loan, a \$500m co-financing with the World Bank and a \$400m trade credit and deposit facility.

The medium-term loan and associated country interest rate of 1 per cent over London Interbank Offered Rates (Libor) and a 12-year maturity with a five years' grace.

US beefs up Gulf naval command

BY TONY WALKER IN BAHRAIN

THE US IS sending a two star admiral to take command in the Gulf where the it is amassing the biggest gathering of its warships in peacetime. The huge naval build-up is expected to reach 41 ships and at least 20,000 men in the next few weeks.

Defence Department announced yesterday that Rear Admiral Dennis Brooks would assume command of the US armada and associated army and air force units of the Joint Task Force Middle East.

Mr Don Kerr of the International Institute of Strategic Studies in London said that because of the size of the US force it was appropriate that it should be commanded by a senior admiral.

He expects that Rear Admiral Brooks will use his flagship, the carrier, USS Constellation, now in the northern Arabian Sea, or the battleship, USS Missouri, which is expected in the region within a week.

Mr Kerr said there appeared an element of overkill in the military build-up but added: "I am quite sure that the majority of ships were sent in the hope there would be no need for direct military action."

When the Missouri arrives with its arsenal of heavy guns and cruise missiles, the US will be able to strike at targets almost anywhere in Iran.

In Tehran yesterday Ali Akbar Hashemi Rafsanjani, the powerful parliamentary speaker, described the Gulf as a powder keg that could explode at any moment.

Mr Rafsanjani also claimed in a speech at Friday prayers that a US warship had hit a mine, but this had been "covered up."

In Baghdad yesterday a military spokesman said planes had carried out air strikes against economic targets in south-west Iran. Iraq resumed bombing missions against oil

installations and industrial complexes in Iran on August 10 after a break of more than a month.

The Pentagon, military analysts say, clearly recognises that its massive commitment of ships and men to the Gulf requires a unified command located so that it can take charge of a highly complex operation.

The US naval command in the region is somewhat fragmented. Vessels on duty in the Gulf itself, numbering about 10, are under the immediate control of the US Navy's 7th Fleet based on the command ship USS La Salle, that is often anchored in waters off Bahrain in the central Gulf.

US warships such as the USS Constellation operate under a different command structure. The current setup is a hodge-podge, retired Rear-Admiral Gene La Roche, a naval analyst, was quoted as saying. "An ad-hoc command would be better prepared for combat, whether

offensive or defensive."

The US faces serious logistical difficulties in its Gulf naval build-up because the countries of the region are reluctant to provide base facilities for fear of Iranian reprisals.

Meanwhile a convoy of three reflagged Kuwaiti tankers under US naval escort was further delayed by bad weather yesterday in waters north of Bahrain. High winds, heavy seas and poor visibility stalled the convoy on Thursday.

The poor conditions made it difficult for Sea Stallion mine-hunting helicopters, operating from the marine assault vessel USS Guadalcanal, to carry out operations in the waters of the northern Gulf where Iran is believed to have laid mines.

This is the third convoy of Kuwait tankers, flying the Stars and Stripes, that US naval warships have escorted up the Gulf. The convoy includes two liquefied gas carriers and a petroleum ship.

Dutch call for West European initiative

BY LAURA RAUIN IN AMSTERDAM

THE NETHERLANDS' surprise announcement this week that it is ready to send warships to the Gulf aims to galvanise Western Europe into a more unified stance, would mean the fences broken by earlier refusals to aid the US in the region.

Mr Hans Van Den Broek, the Dutch Foreign Minister, went out of his way on Thursday to emphasise the Netherlands' reversal of its earlier position in an effort to breathe new life into sagging attempts to forge a common European position on the tanker war.

His unusually decisive statement by Dutch standards also was a recognition that the UN has a coalition to mobilise a peace-keeping force that could calm

tensions in the Iran-Iraq war. Mr Van Den Broek sought to refute claims by the US and the UK that Western Europeans had neglected their responsibilities to protect oil supplies.

As chairman of the Western European Union, a seven-nation forum for consulting on security issues, the Netherlands would clearly like to co-ordinate a European response to the Gulf crisis.

Mr Van Den Broek's announcement, following an emergency WEU meeting of high civil servants, clearly went further than the vague statement issued afterwards, in a public bid to ad a sense of urgency.

The WEU comprises the

Netherlands, Belgium, Luxembourg, Britain, France, West Germany and Italy.

The stumbling block is what form a joint initiative would take. A WEU fleet is virtually ruled out since the forum, until recently a moribund group, addresses only political issues and steps well short of organising military forays.

A form of co-ordination between the Netherlands and Britain, which supports a unified effort and already has warships in the Gulf, and perhaps Italy, where domestic pressure for such a move is growing, may force the passage of what may turn out to be a stronger gesture.

troops outside the Nato theatre is more doubtful although Belgium is thought to be amenable.

France, which also has warships in the Gulf, as usual appears reluctant to get involved in an co-ordinated command.

Mr Van Den Broek is hoping that the WEU members will respond positively to this week's WEU meeting soon. But in view of the lack of urgency seen in recent consultations between the capitals an early decision seems unlikely. The WEU has a meeting of ministers in the Hague on October 26-27, by which time the passage of what may turn out to be a stronger gesture.

Mafia supergrass out in the cold

BY LIONEL BARBER IN WASHINGTON

MR ALADENA (Jimmy the Weasel) Fratianno, the Mafia hitman turned government informant, is losing his \$100,000 a year living allowance because the US Justice Department took Mr Fratianno off its payroll this week, almost ten years after he first signed on in the knowledge that the Los Angeles man had put out a contract on his life.

Mr Fratianno, 74, was one of the longest-serving claimants under the federal witness programme which offers protection to informants in return for regular testimony in organised crime cases. He received a new name, a new identity, a new address and a total of \$951,500 in living expenses from the US government.

Mr Fratianno could not be reached for comment yesterday, but his reaction came in a call to the States News Service on Wednesday.

"I am a dead man," he said, "they just threw me out on the street. I put 30 guys to work for me, and now the whole world is looking for me."

Under the federal witness programme, which began in 1970, informants receive protection from US marshals when they come to court, living expenses, but they are expected to try to earn an honest living. Mr Fratianno disagreed in his phone call: "I'm 74 years old. Where am I going to get work at my age?"

Crime-watchers note, however, that Mr Fratianno has eked out a living during his time underground. He has written two books about his life and times as a mobster, and has also made the odd appearance on US television. On Monday, he emerged as a shadowy profile in a programme, "Sons of Scarface."

He admitted he had killed, and, (yes, he feared for his life. But, he added confidently, he enjoyed federal protection. He was a result of President Alan Garcia's move to nationalise the private financial system, according to Mr Francisco Parde Mesones, President of the Association of Banks.

Mr Parde said the loss represented between 35 per cent and 50 per cent of all of Peru's international credit facilities. "We are going to have a great deal more difficulty importing capital and consumer goods."

George Plesano, President of the Banco Lima, showed journalists a copy of a telex CitiBank sent on August 3, suspending all his bank's credit lines until the nationalisation measure could be reversed.

Mr Parde also said private banks were experiencing a run on savings as the Peruvian public panicked about the nationalisation measure. The Banco de Credito, the country's premier private bank, lost 5 per cent of its savings deposits in the last three weeks, and one of its branches in Lima, Wise, has lost 10 per cent.

As the nationalisation law is being debated in the Senate, the political polarisation of the country has deepened. Virtually every night President Alan Garcia and his opponents have held competing public rallies for and against the nationalisation. The largest rally was held in Lima, led by internationally known novelist Mario Vargas Llosa, was scheduled for Friday

State bank plan hits Peru's credit lines

By Barbara Durr in Lima

PERU has lost \$100 million in international credit facilities as a result of President Alan Garcia's move to nationalise the private financial system, according to Mr Francisco Parde Mesones, President of the Association of Banks.

Mr Parde said the loss represented between 35 per cent and 50 per cent of all of Peru's international credit facilities. "We are going to have a great deal more difficulty importing capital and consumer goods."

George Plesano, President of the Banco Lima, showed journalists a copy of a telex CitiBank sent on August 3, suspending all his bank's credit lines until the nationalisation measure could be reversed.

Mr Parde also said private banks were experiencing a run on savings as the Peruvian public panicked about the nationalisation measure. The Banco de Credito, the country's premier private bank, lost 5 per cent of its savings deposits in the last three weeks, and one of its branches in Lima, Wise, has lost 10 per cent.

As the nationalisation law is being debated in the Senate, the political polarisation of the country has deepened. Virtually every night President Alan Garcia and his opponents have held competing public rallies for and against the nationalisation. The largest rally was held in Lima, led by internationally known novelist Mario Vargas Llosa, was scheduled for Friday

Euro MPs seek to scrap Cocom

BY GEORGE GRAHAM IN PARIS

COCOM, the committee which regulates technology exports to the Eastern bloc, is coming under attack from the European Parliament.

European MPs are to table a motion calling for Cocom—the Co-ordinating Committee for Multinational Export Controls—be dissolved and for control over the export of high technology to be returned to Nato.

Paris-based Cocom, which recently agreed to relax its restrictions on exports of personal computers, has aroused considerable resentment from European countries which feel the US has used the organisation to force curbs on trading with the Eastern bloc.

Beside claims that US policy on technology transfers has tended to fluctuate in line with

the movements in its own economy, some European countries have been angered by the increasing application of US laws outside its own frontiers.

After the recent Toshiba case, in which the Japanese electrical company was accused of selling defence equipment through Norway to the Soviet Union, Ireland is believed to be the next country on the US list.

A motion is in front of the economics and legal committee of the European Parliament which complains that IBM and Digital Equipment Corp, the two US computer groups, are seeking to impose US law on their customers within Europe and urges the European Commission to ensure free trade in high technology products within the European Community.

A subsequent motion now being drafted is expected to call for the dissolution of Cocom and to try to win support from speakers of national parliaments for a riposte to what is seen as a US assault on the sovereignty.

Set up in 1949 as a response to the Soviet threat perceived at the time, Cocom includes all Nato members and Japan. It attempts to control exports to the Eastern bloc in the field of nuclear material, armaments and high technology.

With no executive powers, Cocom relies on member governments to enforce its decisions but, according to report, "exists only in so far as the partners of the US accept regulations which the US imposes on itself."

Soviet oil find highlights demarcation dispute

BY KAREN FOSSELL IN OSLO

Soviet reports of an oil discovery in the Barents Sea have highlighted a demarcation dispute in the area between the Soviet Union and Norway.

Norwegian authorities say the discovery will do little to expedite discussions on long rights to the area should be divided. However, they say the distance of the new Soviet oil discovery from the disputed area is too great to affect ongoing discussions. Informal talks are planned for later this year.

Agreement has already been reached to share fishing rights in the grey area north of the Kola peninsula and east of the median line.

The Soviet Union has been

exploring the Barents Sea for oil and gas since 1982 without making any discoveries. This year Norwegian energy authorities opened up areas in the Norwegian part of the Barents Sea for oil and gas exploration to be undertaken by Norwegian and foreign oil companies.

Yesterday Aftenposten, Norway's largest newspaper, said the Soviet press had reported a new Soviet oil discovery on the island of Kulgjevar. The oil is being produced from 15 wells.

According to Soviet press reports, the discovery could yield a half million tonnes of oil by the end of the current Soviet Five-Year Energy Plan, in 1990.

Waldheim book rejected by Austrian group

By Judy Dempsey in Vienna

A GROUP of young Austrian intellectuals, calling themselves the "New Austria," described a recent study of President Kurt Waldheim's wartime years as "historically incompetent and unprofessional."

The "white book" was compiled by a special task force set up by the Austrian Foreign Ministry. Dr Waldheim's son, Gerhard, was closely involved.

Mr Waldheim is alleged to have known about the murder of Yugoslav partisans and the deportation of Greek Jews

Gandhi faces long row over Bofors

By John Elliott in New Delhi

MR RAJIV GANDHI, the Indian Prime Minister, faces the prospect of a long period of political uncertainty probably into next year because of allegations of government corruption on a \$4.5bn Bofors gun contract and other defence and development orders placed abroad.

Leading opposition MPs, including important rebels from Mr Gandhi's ruling Congress (I) Party, are preparing for a long campaign aimed at undermining the confidence of the government which is facing a wide range of problems.

They want to make sure that Mr Gandhi, who has denied involvement, would have



Rajiv Gandhi: has denied involvement

to resign if inquiries prove that Bofors kick-backs have benefited him or his close friends, or any of his own or his Italian-born wife's relatives.

It is this persistent suspicion that Mr Gandhi may be personally implicated which differentiates the Bofors issue from dozens of past allegations of corruption in India, and it for this reason that opposition MPs are determined not to allow the matter to fade.

Yesterday the government was finalising arrangements for a parliamentary committee to inquire into the contract. The committee is being boycotted by opposition parties.

With the inquiry and the activities of opposition MPs, who had been planning to visit Sweden, have been overtaken by the Swedish Public Prosecutor announcing in January that he is to investigate the bribery charges.

So opposition MPs are looking ahead to what is called the Budget session in February as the time when matters could come to a head. In the meantime they are likely to try to embarrass the government with other corruption allegations, including the payment of bribes on a \$400m West German submarine contract.

Dr Shankar Dayal Sharma, governor of Maharashtra and a former Congress Party president, was last night elected unopposed as vice president of India. He succeeds Mr R. Venkataraman who became president last month.

Yugoslav debt law closes mine with 500 jobs

A YUGOSLAV lead and zinc mine is due to close next week, leaving 500 miners out of work, as a tough new bankruptcy law claims its second victim in four days, mining officials said, Reuters reports.

The Suplja Stijena mine in Montenegro will be Yugoslavia's second to be closed under the law intended to help rejuvenate the struggling communist economy. The law became effective on July 1.

A construction company in Titograd was wound up this week, leaving 1,600 workers jobless. Union officials have said 7,000 Yugoslav companies with 1.5m workers are in the debt.

The Prime Minister, Mr Branko Mitkovic, struggling with 100 per cent inflation and a \$200m foreign debt, warned earlier this year that loss-making companies could no longer be bailed out and would have to be shut.

The lead and zinc mine has reported losses of 1.600m dinars (\$1.5m).

Andrew Whitley reports from Jerusalem as the trial of John Demjanjuk for war crimes nears its end

The crowd gets restless as the bull falls to its knees

SIX MONTHS after his trial on charges of crimes against humanity and the Jewish people began, John Demjanjuk's defence is in such disarray that the only serious question being asked here is whether the anticipated death sentence will be commuted.

Last month, Mr Mark O'Connor, chief counsel since 1983 in the legal proceedings against the burly Ukrainian accused of being a sadistic Nazi death camp guard, was dismissed. Since then, things have gone from bad to worse for the reorganised defence team, none of whom have experienced major trials such as this.

To be charitable, Mr Demjanjuk's own performance on the witness stand earlier this month could best be described as stumbling. After pleading repeatedly that his memory was faulty, and his education never went beyond primary school, in a moment of pure pithos when he told his tormentors: "My biggest tragedy is that I don't know how to answer."

The two "expert witnesses" the defence subsequently called in an attempt to shake the prosecution's key pieces of evidence—an identity card from the Nazi Trawnik training camp for guards in Poland—did little to improve the situation. They were forced into retractions and pleas for more time to study the evidence, and their authority was left in tatters by Mr Michael Shaked, the leading Israeli state prosecutor.

To the embarrassment of the Demjanjuk family, over here from the US to observe the trial, the lack of "validations of the latest witness," Mrs Anita Pritchard, was dismissed. In public this week. Described as a psychology expert, she turned out to have only taken a one-year correspondence course towards a doctorate from an unaccredited institution in California.

Three days after being released from the stand, Mrs Pritchard tried to commit suicide. She failed, but her attempt nevertheless highlighted the confusion into which the Demjanjuk defence has been thrown.

With no other credible witnesses in sight, the defence has



John Demjanjuk arriving at Ben Gurion airport in February. He is accused of being "Ivan the Terrible"

even withdrawn its original intention to put Mrs Vera Demjanjuk on the stand, ostensibly to spare her feelings. But those who have been following the case closely say the private fear is that her husband's husband's cause.

Over the past six months, the three judges, headed by the laic Judge Dov Levin, have consistently appeared to favour the prosecution through their

frequent interventions in the proceedings. But this week, in what looked suspiciously like an act of mercy, they decided to grant Mr Demjanjuk a temporary reprieve from his misery.

Commanding yesterday, the trial has thus gone into a two-and-a-half week recess, primarily to allow the defence more time to come up with witnesses or evidence. Now, there is much optimism in the subdued

Demjanjuk camp of a dramatic improvement in their prospects after the break. Faith rather than any solid evidence appears to be their remaining trump card.

"The hope and the prayer of Demjanjuk and the family now is that someone will come forward from a prisoner-of-war camp and recognise him," said Mr Paul Chumak, who has just joined the defence team to replace Mr O'Connor, dismissed at the family's insistence for lack of competence. A former state prosecutor from Toronto, Mr Chumak, whose chief attribute is that he is also of Ukrainian origin, admits that his previous knowledge of the case was limited to what he had read in newspapers.

While a parade of five survivors of the Treblinka death camp have all identified Mr Demjanjuk in court without hesitation as the man nicknamed "Ivan the Terrible," the defence has yet to produce anyone to testify in favour of the defendant's contention that during the critical dates he was himself a prisoner elsewhere, digging peat.

Making matters worse is an acrimonious public wrangle between Mr O'Connor, who is

hanging on to certain key documents, on the one hand and the Demjanjuk family and the new defence team on the other. Despite having been paid, according to the family, some \$600,000 in fees over the past five years, the former chief counsel refuses to hand over the documents until he is paid a further \$250,000 he says he is owed.

No one is willing to put a figure on how much the intensive fund-raising efforts among the Ukrainian emigre community in North America and elsewhere, including the UK, have raised so far for the Demjanjuk defence. An estimate of at least \$2m would be reasonable.

But indicted by the current state of play at this probably Israel's last major war crimes trial, up to now the defence fund has not been put to good use.

In spite of the trap-comic performance of the defence, public interest in Israel in the trial remains high. But the crowd is getting restless. Like a wounded bull on its knees, refusing to get up and fight to the end, the defence is regarded as having undermined the prowess of the matador and, more critically, the credibility of the content itself.

OVERSEAS NEWS

UK NEWS

China set to end 20-year Soviet border dispute

BY ROBERT THOMSON IN PEKING

CHINA AND the Soviet Union have agreed in principle to redraw their eastern boundary, in dispute for more than two decades and the scene of fighting in 1969.

The agreement is a sign of improving relations between the two Communist giants and opens the way for the resolution of other border wrangles in the West. However, Western and Asian diplomats warn that it could take several years of talks before even the eastern boundary is settled.

A communiqué released at the end of a round of border talks yesterday noted that "both the Chinese and Soviet sides stand for a reasonable settlement" in the east by taking the navigation channel in two disputed border rivers, the Ussuri and Amur, as the border.

In the past the Soviet Union has insisted that the Chinese bank of the Amur and Ussuri rivers be regarded as the boundary. The first sign of a change of mind in Moscow came in July last year when Mr Mikhail Gorbachev, the Soviet leader, hinted in a speech in Vladivostok that the border could run along the channel.

However, the leader of the Chinese negotiating team, Qian Qichen, a vice foreign minister, stressed yesterday that the border talks could not be considered a success until the ownership of all disputed areas had been resolved.

Diplomats warned that there could be disagreement over where the channels run, par-



ticularly around the Soviet-held Bear Island, near the Soviet city of Khabarovsk.

In unambiguous sections of the two rivers, which contain about 700 islands, the countries are agreed that the border should run along the "middle stream line of the river or the middle line of the mainstream."

While a joint working group of specialists will be formed to draw the line between the two countries in the east, no mention was made of other disputed areas, which include the western border and a section of the Pamirs, near the Afghan border.

Border negotiations resumed in February following the collapse of intermittent talks nine years ago. As well as the border, China says there are three obstacles to relations with the Soviet Union: Soviet support for the Vietnamese occupation of Kampuchea, the Soviet invasion of Afghanistan and the concentration of Soviet troops on the Chinese border.

S Korean authorities order bus peace deal

BY RICHARD GOURLAY IN SEOUL

THE SOUTH KOREAN government yesterday announced a strike by 18,000 bus drivers which would have crippled public transport in the capital.

Much of South Korean industry has been halted by strikes in the weeks since President Chun Doo Hwan gave into opposition demands for direct presidential elections and other democratic reforms in early July.

It is the second time government officials have intervened to end a strike this week. On Tuesday, officials effectively forced one of the country's largest groups, Hyundai, to negotiate with new democratically elected unions after the management had refused to recognise the workers' representatives.

Management and the bus drivers' unions agreed to a 20 per cent increase after Mr Lee Hae-mi, the labour minister, and the Seoul town mayor called for a compromise. Busmen had demanded 27 per cent and had been offered 5 per cent. The government had contingency plans to mobilise 50,000 military, school and government buses if the strike went ahead.

Government party officials are anxious not to let the demands for better working conditions, higher wages and the right to set up free democratic trade unions get out of hand.

President Chun Doo Hwan said unambiguous and unions should show prudence in re-negotiating strikes and appealed to both sides to consider the impact of their actions on the future development of the country.

He also cautioned about "emerging leftists" who he said were the greatest threat to democratic development. "Impure elements" on the left have been a recurring bogey for the Chun government though many observers and diplomats think there are few Communist sympathisers among students and even fewer among workers.

Meanwhile, strikes, particularly in smaller companies, continue to paralyse much of the industrial base either directly or by disrupting other companies of components. The labour ministry said that over 400 companies were still affected had been resolved.

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Sun scoops a share of the City action

By Ralph Atkins

WATCH OUT fun-loving share seekers, Britain's fastest daily is cashing in on the 80-90, 90-100 stock market.

Sandwiched between headlines such as "Diana the megastar" and "Revealed! The hidden heartache of an England soccer star" is The Sun's daily money page.

Punting fans of the 3,900m circulation paper can now read: SMOCK news of City dramas. HOT and sizzling tips in the Armchair Futurist slot.

VITAL information on key share prices. "When The Sun was launched in 1969, only the tiffs and the super-rich had stocks and shares," claimed a Sun Money trailer.

However, a recent survey of Sun readers showed a whopping one-in-five had bought shares for the first time in the past year.

This expanding class of small shareholders is also providing a fresh market for other media outlets including newspapers, commercial radio stations, and a host of tip sheets.

The Daily Mirror—circulation 3.12m—started a weekly, four-page money special at the beginning of June. It carries about 60 share prices, as well as general City and personal finance news. The Star publishes about 30 share prices daily but is planning to expand its City coverage.

The idea is catching on in the provincial press. "A lot of local newspapers have started business pages in recent years," said the Newspaper Society, which represents about 90 per cent of regional newspaper publishers.

"It is another selling point. It is a way of providing all the information that local people want." In Cambridge, where high-tech industry is on an upswing, Thursday's turmoil in the financial markets was greeted with a front-page headline in the Cambridge Evening News. "Panic in City follows bank lending shock."

"I suspect an editor three years ago would not have been keen about that sort of story on the front page," said Mr Robert Satchwell, the editor. London's Capital Radio, the biggest commercial pop music station in the UK, has a daily report on the performance of 20 selected shares and is looking for sponsorship for an expanded evening business bulletin.

Tip sheets—weekly and monthly newsletters with share recommendations for subscribers—have seen considerable growth already. The Penny Share Guide, almost 10 years old, has doubled its circulation in the past two years to about 80,000. The four-year-old New Issue Share Guide has doubled in the past 12 months to 25,000.

"People are turning to the stock market and thinking this is money for old rope," said Mr John Snowden, editor of both newsletters. There are perhaps about 20 established tip sheets in the UK and probably countless others which keep a more elusive profile.

Under the Financial Services Act 1986 anybody giving investment advice has to register with one of the self-regulatory supervisory bodies. Tip sheets are most likely to come under the wing of the Financial Intermediaries' Managers and Brokers Regulatory association. A deadline will be announced soon by the Government after which there will be controls on how tip sheets are run.

This may be bad news for some tip sheets but newspapers, which are not just concerned with giving investment advice, will be exempt. The Saturday Sun says its money page is proving a big hit with its readers. A new City Editor, Mr Damien McCrystal from Today, starts in about a month at a salary rumoured to be above £40,000.

Mr John Kay, who is temporarily running the page, said readers were already writing in about the service. Not only were they getting advice on what to do with their money but it provided an alternative to news about glossy TV soap operas. "Dallas and Dynasty are fantasy. This page reports the real thing," he said.

Philip Coggan finds a London club fielding a strong team against the developers Football scores goal in the property game

IT WAS a game that might never have happened. Six months ago, Fulham Football Club were heading for history's scrapheap set to be submerged within the identity of their west London neighbour, Queen's Park Rangers.

But on Tuesday night, to a modest ripple of applause, out came the familiar white and black colours—worn in the past by the likes of Johnny Haynes, Bobby Robson, George Best and Bobby Moore—for Fulham's first home game of the season. It should have been a match against Bristol, or at least Manchester United, but instead it was Colchester in the first round, first leg of the Littlewoods Cup.

The iron laws of finance and the west London property market seemed to have outplayed little Fulham in February when their owner, Marler Estates, acquired Queen's Park Rangers and announced plans to merge the clubs and redevelop Fulham's riverside Craven Cottage ground as luxury flats.

Whether the property company realised what demons it was unleashing may never be known. Its chairman, Mr David Bulstrode, a former Slater Walker executive living in Jersey, quickly became a figure of hate for football fans throughout the country.

Enter what, in City parlance,



Jimmy Hill and other members of the group which saved Fulham FC

would be described as a white knight. Mr Jimmy Hill, ex-Fulham player and television commentator, who assembled a consortium to buy the name and players, but not the ground, from Marler.

After lengthy negotiations, a compromise was reached: Fulham would keep the ground rent-free for a year, then Marler would have to give the 24 months' notice to quit. That time could be cut if Marler is granted planning permission for total redevelopment, but the

hope is that any development would be partial, allowing football to continue but enabling Marler to construct some potentially lucrative riverside flats.

As Mr Hill took his seat in the director's box on Tuesday, £250,000 and the club is planning a share issue—perhaps via the Business Expansion Scheme. During the summer, Operation Cottage, organised by Mr Bob Cook, mobilised the enthusiasm of the supporters to clean up the ground, which had deteriorated sharply in the

midst of the protests. The club is aiming to sign up 10,000 members this season to encourage fan loyalty. The board of unpaid directors is backed up by a management board which includes representatives of the supporters club and the council.

At least football's gods still smile on the club. Colchester had their goalkeeper limp off, a forward hit the post and their left back scored an own goal from 30 yards. Fulham won 3-1, the crowd went home happy, some even singing: "We're going to win the Cup." After all they have gone through, they probably deserve it.

Vehicle registration change 'unnecessary'

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THERE SHOULD be no significant change in the system of vehicle registration numbering, according to a working party set up by the Transport Department.

The working party, which includes vehicle manufacturers and retailers, road-user organisations and police, was set up after the failure of the motor industry to agree on a new system.

The aim is to end the concentration of sales in August which accounts for about 20 per cent of annual registrations. In an interim report issued yesterday, the working party

says the August peak causes difficulties for the Driver Vehicle Licensing Centre at Swansea, where casual staff have to be employed to cope with the rush of registrations.

The motor industry also has to build up stocks of about 75,000 cars in July and release them to customers over a very short period.

This causes problems for retailers and imposes interest charges estimated at £4m a year on UK manufacturers. Overseas manufacturers may benefit, however, from a boost to production at an otherwise quiet time.

The working party concludes that there would be benefits in spreading sales more evenly. It says, however, that any identification of the year of registration has advantages for consumers and police.

For this reason, it rejects radical changes, such as linking registration to drivers rather than vehicles, as in Belgium, or periodic re-registration of vehicles, as in parts of the US.

The working party recommends either leaving the system unchanged, or indicating the month of registration on the number plate. This would probably take the

form of two small letters, such as AD for August, in a different colour to the rest of the number plate. It would not form part of the formal registration with the DVLC.

The working party says this could help reduce the prestige value of the year prefix, while retaining the advantages of the present system for consumers and police.

The effects of the change would depend, however, on the response of the motor trade, which has in the past used the August change of prefix as a marketing ploy to increase sales.

Council's cash shortage threatens new town services

FINANCIAL TIMES REPORTER

THE £500m development of a town of 8,500 homes at Bradley on the northern edge of Bristol has run into trouble because Avon county council is short of cash.

The 1,000-acre development, which will take more than 10

years, includes seven schools. This week the council told the 15 construction companies that it cannot pay for the roads, drains and other services for the schools.

Services for the rest of the estate are being provided by the consortium and work on these

has begun. The first homes, being built by Ideal Homes (Western), a Trafalgar House subsidiary, will be ready by the end of the year.

Dr Dennis Fox, chairman of Northavon council, the planning authority, said: "We need government help to solve this

crisis. We have already received all the help we can reasonably expect from the developers."

"The Government tells us to provide more housing, but at the same time tells the council that it cannot spare extra money to spend on roads and schools."

Philips and Plessey in chips link

By David Thomas

PLESSEY, the UK electronics company, and Philips, the Dutch consumer electronics group, are collaborating to make microchips for satellite broadcasting receiver systems.

The companies say the chips will be suitable for all the satellite broadcasting system being planned in Europe which use the receiver system known as MAC.

These include those to be based in Britain, West Germany, France, Scandinavia and Luxembourg.

Plessey and Philips believe their collaboration will help them produce a satellite broadcasting chip before other manufacturers. They have licensed exclusively a ready-made chip design from Norway.

The two companies hope to stage the first laboratory demonstrations of the chip by March.

ITT of West Germany is the only other company to have advanced in making chips for satellite broadcasting. It is understood that its chip is not suitable for all the proposed European systems.

Plessey will be making its part of the chip at its Rotherham plant, near Plymouth. It is understood that Philips will make its part in one of its confidential plants.

British Satellite Broadcasting, the consortium that holds Britain's satellite broadcasting franchise, has been encouraging component manufacturers to make satellite broadcasting chips.

It recently offered help with initial funding at a meeting attended by several companies including Plessey, Philips, ITT, Texas Instruments and RCA. However, Plessey and Philips are not taking up this offer.

Mr Graham Grist, BSB's finance director, said Plessey and Philips could be among a very few manufacturers offering chips by the time the French and West German services came on stream in 1988. This might enable them to charge a high price.

However, he hoped that more manufacturers would have chips to offer by 1989 when the British service was due to start.

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UK NEWS

Repossessions by building societies at record level

BY HUGO DIXON

THE NUMBER of homes being repossessed by building societies rose to a record in the first six months of this year, according to figures released yesterday by the Building Societies Association. This lends weight to fears that bad debt problems may be getting worse.

The association's figures also show that mortgage lending is still growing. In July, societies lent £3.4bn gross, up from £3.2bn in June.

In the first six months of the year, 11,620 homes were taken into possession, up from 10,330 in the second half of last year, when there had been a slight improvement. The latest figure is equivalent to 0.163 per cent of the total number of loans in the first half of 1987, compared with 0.146 per cent at the end of last year.

The position on mortgage arrears also deteriorated, with 0.90 per cent of loans in arrears of more than six months in the first half of this year, compared

with 0.80 per cent in the last half.

However, the association said arrears were below the record level set in the first half of last year, and hoped the situation would improve as unemployment, a main cause of debt problems, continued to fall.

Societies' performance in the retail savings market was hit last month by the flotation of BAA and a strong performance by the unit trust industry. Net retail receipts were only £847m, compared with £856m in June.

The next few months are expected to be equally difficult. The second calls for money from British Airways and TSB share-holders are due August 18 and September 8 respectively, and the sale of the Government's remaining stake in BP is planned for September.

The poor performance in the retail savings market meant societies had to borrow £430m net from wholesale markets in July, to finance mortgage lending, when in June they had paid back a net £43m.

Two Eurobond traders suspended over dealings

BY ALEXANDER NICOLL

LONDON INVESTMENT Trust, a futures, options and securities trading group, said yesterday that its Bailey Shatkin subsidiary had suspended two Eurobond traders after uncovering irregularities in their dealings.

Legal action is understood to be under way against the two, who were not identified.

The company said the incident would have no financial effect, either on the company or on any of its clients.

Bailey Shatkin is mainly a futures and options trading firm with about 150 employees, but also has a small Eurobond trading operation with half a dozen traders dealing for its own account. It is not listed as a member of the Association of International Bond Dealers, the Zurich-based trade association for the Eurobond market.

The two dealers are understood to have been suspended

about a week ago. This was disclosed, however, only when rumours began circulating in the market that serious losses had been incurred—which the company denies.

The company said dealings had been identified by Bailey Shatkin's surveillance mechanism at an early stage, and it expected that "swift action" taken by the management will close the incident very quickly.

Bailey Shatkin more than doubled its profits in its most recent financial year to £1.9m, out of the parent company's pre-tax earnings of £6.02m.

Mr Paul Dupe, a US businessman who recently became chairman of London Investment Trust after buying more than 30 per cent of the company, was yesterday on holiday in the US.

News on Sunday names editor to oversee relaunch

BY CLARE PEARSON

MR BILL NUTTING was yesterday appointed editor of the News on Sunday to oversee a relaunch of the troubled left-of-centre national newspaper planned for the autumn.

He will be the fourth editor since its launch in April.

His appointment follows the resignation this week of Mr Brian Whitaker, the acting editor. Mr Whitaker claimed that Mr Nutting, who has been editorial consultant for the last six weeks, was producing the

paper without consulting him.

Mr Nutting was brought in by Mr Owen Oyston, the socialist millionaire and architect of the estimated £8m package which saved the paper from the receivers in June.

Mr Nutting, 51, was executive editor of the London Evening Standard for six years after spending five years as executive editor of the London Evening News. He joined the News from its sister paper, the Daily Mail, where he worked for 13 years.

Moss Bros aims to suit busy executives

By Alice Rawsthorn

FOR MORE than a century Moss Bros has been supplying toppers and tails to bridegrooms and racegoers. It is now turning its attention to the fashionable sphere of "niche retailing" with the introduction of the Suit Co, a chain of shops selling nothing but men's suits.

The Suit Co is intended to offer a selection of suits for busy businessmen who do not have time to travel up and down the high street to track them. Moss Bros opened two pilot shops in London and Birmingham in May. It will open four more in the next two weeks and a further 14 next year.

Moss Bros has identified its target market as male executives between the ages of 25 and 40. Most of the merchandise comes from branded manufacturers and designers but the Suit Co also sells own-label suits. Prices range from £79 to £299 and average £140.

The established Moss Bros business, a chain of 34 menswear shops, is directed at an older age group. For some years the group has considered plans to broaden its base by seeking younger customers. These plans were accelerated by senior management changes earlier this year, when Mr Monty Moss and Mr Manny Silverman stepped down as chairman and managing director, to be replaced by Mr Wilfred Cass and Mr Peter Moss.

After years of decline the men's suits market is reviving. Competition among retailers has intensified. Marks and Spencer has continued to gain ground, while Next and the Burton Group have expanded into the market through their own chains, Next (M) and Principles for Men.

Yamaha buys Leicester drum maker

By David Thomas

YAMAHA, the diversified Japanese group, has taken over Premier Drum, a long-making Leicester company which claims to be Britain's leading percussion instrument manufacturer.

The price paid for Premier, which is owned by managers and financial institutions, was not disclosed.

Yamaha said it wanted to establish a percussion instrument manufacturing base outside the Far East. Last year, it bought a 40 per cent stake in Kenda, a leading piano maker, in its first UK musical instrument investment.

Mr Tony Doughty, who is to continue as Premier's chairman, said the Yamaha and Premier ranges were complementary and Yamaha's backing would help Premier increase exports. At present, about half of its £4m sales are exported.

Yamaha will also make some of its own drums at the Leicester factory which is working below capacity.

David Churchill looks at the shadow of bankruptcy cast over the package holiday trade

Tour operators find themselves in a hot spot

WHILE 3m Britons bask in the Mediterranean sun this week-end, the real hot spot for the travel trade is in London where several package tour operators are desperately trying to stay in business.

During the next few weeks operators will be faced with paying their bills to airlines and hotels for tourists currently on holiday during the busiest month of the year.

The problem will come when operators who have been trading at a loss run out of cash. Already the travel industry is buzzing with rumours about several small operators which are likely to call in the receiver — to add to the two that went bankrupt last month.

Mr Chris Watson, managing director of the Pickfords Travel agency chain, said: "I do not think there will be any spectacular collapses but we can expect to see a number of small operators go out of business before very long when they find they can't pay the airlines." At the same time the trade expects to see more rationalisation along the lines of this week's takeover of the Rank Organisation's Wings subsidiary by Horizon Travel, which

itself was acquired by the Bass Group earlier this year.

The impact of this and other possible mergers in the pipeline will be to further increase the market dominance of the big three tour operators—Thomson Travel, Intasun and Horizon—which between them control about two-thirds of the package holiday market.

Such concentration is already worrying some small tour operators. Mr Keith St Clair, managing director of Sol Holidays and a leading figure in the travel trade, said yesterday: "This latest example of merger-mania should worry the travel industry and shows its jamming-like desire to self-destruct."

He claimed that the main tour operators were "intent on increasing their market share by selling holidays at ridiculously low prices, which is not in the long-term interests of the consumer."

The problem faced by Sol and other small operators is that their large rivals are chasing volume. The growth in demand for foreign holidays in the mid-1980s—fuelled by rising living standards—has seen the number of package holidays sold rise from just under 5m

NUMBER OF PACKAGE HOLIDAYS LICENSED BY THE CAA	1987 (m)
Thomson	3.75
Int. Leisure	3.75
Horizon	1.81
BA	0.84
Wings*	0.45
Best Travel	0.27
Vegetours	0.25
Compass	0.25
Falcon	0.20
Redwood	0.15m

* Now part of Horizon
Source: Civil Aviation Authority

In 1986 to at least 11m this year.

The big three operators, moreover, have troubled the holidays they have put on offer — from 2m in 1983 to about 6m this year.

Thomson and Intasun are the clear market leaders with some 30 per cent and 20 per cent of the market respectively. Horizon, however, had only about 10 per cent of the market before this week's takeover of Wings, although the acquisition

takes its market share up to about 14 per cent.

Mr Robert Muckleson, chief executive of Horizon Travel, said: "We realised we had to increase our volume share of the expanding market and felt the best way to achieve this was through the acquisition of Wings."

Tour operators such as Wings — whose holiday companies included OSL and Blue Sky — have found it increasingly difficult to compete with the main operators on price to the same holiday destinations, such as Spain and Greece.

Wings made a loss in each of the past three years and British Airways Holidays — which trades under names such as Enterprise and Sovereign — also made a loss of £4.8m last year.

The operators that will best survive current turbulence in the travel trade are the small, specialist operators who sell package holidays to particular niche markets. Summed Holidays, for example, which is part of Redwood Travel, has captured the large slice of the package holiday market to

Turkey — the "in" destination this summer.

The main reason for the travel trade's problems this year stem from operators' greed. The bumper summer last year encouraged operators to plan for a 30 per cent increase in the market this year.

The market, however, has grown by much less — by about 5 per cent in volume according to the most optimistic reports and by 15 per cent according to optimists.

Holidaymakers, in fact, are likely to suffer least in the short-term from the travel trade's problems. The various bonding systems in operation mean that most holidaymakers who have booked and paid for a holiday will see their holiday or their money back.

However, it is in the longer term that problems for holidaymakers could arise. As Mr St Clair of Sol Holidays said: "Once total domination of the market is achieved by the major tour operators they will be in a position to dictate prices without fear of competition from smaller tour operators who will have been pushed to the wall."

Sale of Victoria Coach Station stopped

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

VICTORIA COACH Station, the main London terminal for long distance coach operators, has been withdrawn from sale to the private sector.

Mr David Mitchell, the Transport Minister, has instructed the National Bus Company, which operates Victoria, to hand over the terminal to London Regional Transport, which runs the city's bus and underground services.

Mr Mitchell said Victoria should remain in public ownership until long-term strategic decisions had been made on London's coach services.

A public inquiry is to be held early next year into proposals put forward by London Regional Transport for a major

terminal at Paddington, in west London.

The inquiry will consider earlier London Regional Transport proposals for a terminal at Vauxhall, south London, and local authority proposals for a series of small terminals around the M25 orbital motorway.

No decision has been reached on how the National Bus Company is to be compensated for the loss of an asset estimated to be worth as much as £12m on the open market. Several potential purchasers are believed to have made offers for Victoria.

The National Bus Company is more than half way through the privatisation of its 73 subsidiaries, most of which are

rural bus companies. The programme is expected to be completed by the end of January and should not cost £200m for the Treasury.

Mr Mitchell has asked Mr Rodney Lund, the company's chairman, to discuss with Sir Keith Bright, chairman of London Regional Transport, the most appropriate means of achieving the transfer of Victoria.

Mr Mitchell said it was important that the public inquiry should be able to consider all the strategies for coach stations in London without finding that any options had been closed off in advance.

He said the Government could not rule out the possibility that the evidence pre-

sented to the inquiry would suggest a continuing long-term role for Victoria.

Mr Mitchell referred London Regional Transport's proposals to a public inquiry after opposition from the Conservative-controlled Westminster City Council and Mr John Wheeler, the Conservative MP for Westminster North.

The need for additional coach terminal facilities in London is undisputed. Victoria can handle only 150 coach departures per hour, compared with peak demand of about 170 per hour.

About a third of Victoria's capacity will be lost when the lease on part of the terminal expires next year, though it is believed the lease could be extended.

Luton district bus company bought by employees

BY KEVIN BROWN

THE NATIONAL Bus Company, which is selling 73 subsidiaries to the private sector, yesterday announced the first sale to an employee buy-out consortium.

The company said 267 of the 653 employees of Luton and District Transport had invested between £1,000 and £12,000 each to raise £600,000. The purchase price was not disclosed. Similar subsidiaries of the company have been sold for between £2m and £4m.

Luton and District is the 43rd National Bus Company subsidiary to be sold. Of these, 27 have gone to management buy-out teams, with a degree of staff involvement through profit sharing or share option schemes.

The only previous sale in which there was direct employee investment was the Provincial Bus Company in Hampshire, now renamed People's Buses.

Provincial was sold through a US-style employee share ownership plan, under which 80 per cent of the workforce and management took equal £750 shares in the company.

The shares are held in a trust financed largely by Barclays

engineers at the garage joined 2,300 colleagues across London in a separate 24-hour strike over the effects of tendering.

Luton Buses said yesterday it expected to continue to operate the Northern services until LRT could find a contractor to take them over. However, it added that the staff had "voted themselves out of a job."

The Luton and District privatisation is substantially different, in that employees are

free to take whatever shareholding they wish. The company will continue to be managed in the traditional way.

The buy-out was initiated by Mr Graham Cumming, a senior manager of Luton and District, and negotiated by a committee including Mr Chris Pitcher, chairman of the Luton branch of the Transport Workers' Union.

The existing senior management is expected to form the board of the privatised company with employee shareholders represented by Mr Cumming, who is to be appointed managing director.

The company was part of the Northampton-based United Counties Omnibus, which was split into three by the National Bus Company at the beginning of the privatisation process.

Britain's subscription to CERN this year is £58m, 9 per cent of the total science budget.

The advisory board's report provides that the contribution to CERN should be halved, to a maximum of £30m a year.

The Science and Engineering Research Council, which pays the CERN subscription, has asked that the contribution to research for CERN at the Rutherford Appleton Laboratory, near Oxford, be 20 per cent, or £2m over the next three years.

CERN has a staff of 3,500, or whom 334 are British. Also more than 500 staff members at the Rutherford Appleton Laboratory are engaged in work for CERN in the design and construction of its experiments.

The Government is already being lobbied intensively by scientists following a recent decision not to expand the space science budget.

The physicists from the CERN-UK working group say in their letter that without research into particle physics, search for a cure for cancer, "other areas of research have no bedrock on which to build an enduring edifice of understanding and benefiting human needs."

Rural poverty research puts paid to green and pleasant myth

Alan Pike reports on evidence that inner-city deprivation has parallels in the countryside

WHEN THE summer sun illuminates the peaceful countryside along the English-Welsh border, it is difficult to spot similarities with the problems of inner-cities.

Evidence suggests, however, that the familiar manifestations of inner-city poverty, deprivation and lack of economic development may be paralleled in the countryside to a far greater extent than is commonly recognised, disguised by rural England's green and pleasant image.

Problems of rural poverty have been highlighted by a research project conducted by the Diocese of Hereford — the most rural in the Church of England. Some 2,000 local people have been involved in a two-year consultation process, and the church's activities have attracted the interest of MPs by drawing upon an unpublished study of deprivation in rural areas completed for the Environment Department in 1985.

This concluded that 25 per cent of all households in five sample rural areas were living in or on the margins of poverty, defined as having incomes of less than 140 per cent of the supplementary benefit level. One of the areas—south-west Shropshire—is within the Hereford diocese. The others were north-west Essex, the North Yorkshire Dales, north mid-Suffolk and the mid-Norfolk coast.

Contrary to popular belief, says Mr Brian McLaughlin, who carried out the research, problems of low pay were not confined to agricultural workers. "Low pay, long hours and poor working conditions were characteristic of many occupations in the rural economy but were particularly prominent in

clerical, retailing, catering and processing jobs."

Nearly half the council housing in the survey areas was occupied by families in or on the margins of poverty, while 40 per cent of private rented homes were job-tied. Poorer households were most dependent on village shops where prices were higher.

Many of those involved in the Hereford diocese exercise discovered evidence that supports these conclusions. Behind the statistics lurks a fear that, as employment in agriculture continues to decline, the problem will worsen with more younger people moving to towns and leaving behind an ageing,

increasingly dependent population.

One Herefordshire village was found to have lost more than 50 per cent of its five to 15-year-olds—along with their parents—during the past 10 years.

Part of the difficulty of tackling rural poverty is that rural areas generally lack community organisations and enterprise agencies which provide a starting point for community and economic development in the inner-city.

One exception in Herefordshire is the Leominster Marches Project, the Community Projects Foundation's only rural community development scheme in Britain.

When it started in 1981, the project faced suspicion and sometimes hostility in an area which had no previous experience of professional community work. However, five years of assistance by project workers with youth work, community education, employment, and other issues have left many local people anxious that the scheme should not disappear when its CDF funding ends shortly.

Alternative sources of finance are being sought, but even this has added difficulties in the countryside—there are no big employers to approach for help, for example.

A survey by the project to test areas of small business growth revealed many problems—such as lack of information about training—which mirror those that are common in urban areas. When the project called a meeting of local employment, education and training organisations to consider solutions it was the first time they had all met together.

Discussions started by the Hereford diocese exercise may lead to the creation of a rural enterprise agency in Herefordshire. Although enterprise agencies have multiplied in Britain—London has more than 20—there are still almost none

in rural areas.

One of the biggest challenges of the Hereford research is to the Church itself. In the English countryside the Anglican Church remains well supported, influential and, more often than not, traditional. The very decision to conduct a research exercise looking at housing and employment conditions was not without its critics.

The diocese has already responded to the report by convening a conference to see whether a comprehensive plan for the area can be developed. It is drawing on US experience to try to set up a counselling and advice programme for farm-workers facing redundancy.

The People, the Land and the Church, Hereford Diocese Board of Finance, The Palace, Hereford HR4 9BL, £5.25 inc postage.

Mr Steel suggested that the autumn merger negotiations would be successful without the SDP and merger faction. He anticipated that Mr Macdonald, the 51-year-old MP for Cumbria and Sutherland, could do a deal.

Mr Rodgers said a new united party should simply be called "The Alliance." He declared: "There is clearly no room for a fourth party on the centre group of politics. Our political system does not work like that and even a third party is the victim of the electoral squeeze."

Rejecting Dr Owen's course of going off on his own, Mr Rodgers said those "who choose to walk away can have no claim to the SDP they are about to leave."

FORD IS to build another technical centre at its research and engineering establishment at Dunton, near Basildon, Essex.

It will cost about £10m and provide additional facilities for Ford's electrical and electronics operations section.

The section's European headquarters was opened at Basildon in 1985 at a cost of £1m.

Construction of the centre will start in the autumn and be completed early in 1989.

Ford said yesterday the centre would conduct research into the design of engine management systems, spark plugs, the development of in-car entertainment components and systems, fuel pumps and instrumentation. It would also provide technical liaison offices for Ford's plastics and glass operations.

Nearly half the 51,000 sq ft of floor space would accommodate workshops, engine test cells, chassis dynamometers and development laboratories, which most modern facilities in Europe.

This is the second investment project to be announced for Dunton in the past year. Ford is also spending £5.5m to extend the vehicle emission laboratories there.

Ford to build £10m research plant in Essex

By Kenneth Gooding, Motor Industry Correspondent

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Rodgers attacks Owen's stance

BY OUR LABOUR CORRESPONDENT

MR BILL RODGERS, a co-founder of the Social Democratic Party, predicted last night that 90 per cent of members would join a merged Alliance and that any fourth "rump" led by Dr David Owen would be squeezed out of existence.

In an open letter to party members, Mr Rodgers, who is chairman of the Yes To Unity campaign for a merger with the Liberals, attacked Dr Owen for laying claim to the SDP in spite of a ballot showing a majority of the party in favour of merger.

He said Dr Owen's idea of an amicable separation was a non-starter. The former Labour Cabinet minister said the whole SDP membership "will be antagonised if those who lost

the ballot formed their own party within a party, to conduct guerrilla warfare designed to wreck the negotiations."

Mr Rodgers praised Mr Robert Macdonald who is standing for the SDP leadership. In a reference to the possibility of a leadership challenge from Mr John Cartwright, an Owen supporter, he said it was inconceivable that the party could be led by anyone who refused to act in the spirit of the ballot result.

His comments came in the wake of the latest attack from the Liberal leader Mr David Steel, who said in an article in the Guardian yesterday that Social Democrats supporting Dr Owen in opposing a merger with the Liberals amounted only to a splinter group.

Mr Steel suggested that the autumn merger negotiations would be successful without the SDP and merger faction. He anticipated that Mr Macdonald, the 51-year-old MP for Cumbria and Sutherland, could do a deal.

Mr Rodgers said a new united party should simply be called "The Alliance." He declared: "There is clearly no room for a fourth party on the centre group of politics. Our political system does not work like that and even a third party is the victim of the electoral squeeze."

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UK NEWS-LABOUR

Councils may consider quitting bargaining system

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS OF local authorities in southern England may consider pulling out of the national pay and conditions bargaining system at a meeting next week.

The unprecedented meeting has been called following the outline 10.8 per cent national pay deal for 1m council manual workers. Some Conservative-controlled councils believe the deal gives too much for too little in return.

Mr Gareth Gimblett, chairman of Berkshire County Council and of the Association of Councils' manpower sub-committee, said yesterday that the meeting in Taunton on Wednesday was to look for "ways round" the deal.

Mr Gimblett said: "In terms of the national agreement, our opinion are very limited. If the employers feel as strongly as I

believe that they feel, then I think they will move outside the national agreement."

The manual workers' deal, still subject to final union approval, provides for local negotiations on flexible working. It does not meet the employers' original aim of removing from the national agreement the stipulation of premium payments for regular weekend working.

Next week's meeting of the chairmen of the local authorities' provincial bodies for the south, south-east and south-west is likely to consider ways in which county councils could band together in negotiations on the premium payments.

However, it is not clear how much support there would be for a breakaway from national bargaining. Lincolnshire Council is said to be pressing for

this in eastern England, but earlier signs of rebellion among Tory-controlled district councils seem to be abating.

Mr Gordon Wyatt, chairman of the Association of District Councils' manpower sub-committee, admitted yesterday that there had not been the widespread criticism of the pay deal that he had predicted.

Further, while critical of the deal, the Government has stopped short of repeating last year's call for councils to pull out of national negotiations if they disapproved of bargains being reached in their names.

Advocates of the manual workers' deal say it gives councils every chance to negotiate job and pay flexibility locally in anticipation of the compulsory competitive tendering regime being introduced by the Government.

Recognition of NUJ ended at Today

By Our Labour Staff

THE TODAY newspaper has ended its informal recognition of the National Union of Journalists at its headquarters in London following its purchase by Mr Rupert Murdoch's News International group.

Mr David Montgomery, editor of the paper and managing director of News UK, its parent company, said yesterday that all 150 journalists on Today would be sent individual contracts of employment next week.

"We are not going to return to the bad, mad, sad days of Fleet Street here. We are going to do for our journalists what the NUJ has failed to do by giving them the status of other professionals, such as doctors and solicitors," he said.

"The NUJ has betrayed every journalist in the country by failing to negotiate for them the proper rewards of new technology and preferring instead to lie down with the NGA and Sogat (the print unions)."

The move is likely to rekindle conflict between the NUJ and News International that first flared when Mr Murdoch moved production of four of his titles to the company's plant at Wapping, east London.

Mr Montgomery said yesterday that News UK had made the decision alone without any prompting from News International. The NUJ is recognised on the Times, the Sunday Times, the Sun, and the News of the World — all of which are produced at Wapping.

Mr Eddy Shah, the original owner of Today, granted recognition to the NUJ chapel (office branch) at Today at the time of the newspaper's launch 18 months ago, but a formal agreement on staff conditions has never been negotiated.

Mr Montgomery's announcement yesterday followed an attempt by chapel officers and Mr Mike Smith, the NUJ's national newspaper organiser, to press for the newspaper's incoming management to re-open talks on an agreement.

Mr Walter Mason, the father (chairman) of the chapel, was said by a chapel officer to have been told that he faces dismissal if a chapel meeting next Friday disrupts production of the newspaper.

British Coal names risk pits

BY CHARLES LEADSEATER, LABOUR STAFF

BRITISH COAL yesterday named six pits in the Yorkshire coalfield employing about 5,400 miners which could be closed should miners support a plan for rolling strike action at branch meetings this weekend.

Mr Albert Tuke, North Yorkshire area director, warned that strike action would increase the pits' already heavy losses and make their closure inevitable. He said the South Kirkby, Redbrook and Woolley pits, in the Barnsley area, and the Prince of Wales colliery, at Pontefract, which together employ 3,000 workers, were the most at risk.

Mr Ted Horton, South Yorkshire area director, said the loss-making Markham Main and Hatfield collieries, employing 2,400 miners, would be endangered.

Branches will meet this weekend to discuss the recommendation of branch officials from throughout the coalfield to consider industrial action in protest at disciplinary measures taken against Mr Ted Scott, a union official at Stillingfleet colliery. Mr Scott met senior union officials yesterday to consider how to respond to the corporation's offer of a job at

another colliery.

Branch activities in the Yorkshire coalfield said the branches would consider plans for a series of rolling one-week strikes in different parts of the coalfield or some form of overtime ban linked to one-day strikes. The plan has not been publicly endorsed by leaders of the Yorkshire area of the National Union of Mineworkers.

Mr Horton said that during the past month the South Yorkshire coalfield had been remarkably quiet, with only one shift lost through industrial action and all other disputes settled through negotiation.

Flexible pay plan for speech therapists

BY OUR LABOUR CORRESPONDENT

THE TREND towards greater pay flexibility in the National Health Service was consolidated yesterday when the Government and health authorities tabled proposals for 3,000 speech therapists.

The predominantly female profession is, as expected, set to receive a substantial salary increase in response to the campaign mounted by ASTMS, the white-collar union, which culminated this week with the submission of 1,200 claims for

equal pay for work of equal value.

However, the rises will be conditional on acceptance of a fresh grade structure which will allow health authorities the discretion to pay staff according to individual and local factors.

At present, speech therapists are graded according to staff numbers and populations served. Basic salary rates range from £7,368 to £9,730 for most staff—the equal-value claims being for double these rates in many cases.

Yesterday's offer does not quantify the "considerable" increase envisaged, but it proposes that a revised four-grade structure takes effect from next January, with lump-sum payments to compensate for the lack of an increase last April, as scheduled.

The offer says that grading would be carried out according to the size and nature of the speech therapy service provided, the individual's responsibilities and the specialist expertise required.

Essential information for corporate treasurers, financial directors, bankers, auditors and other advisers involved in the volatile financial market.



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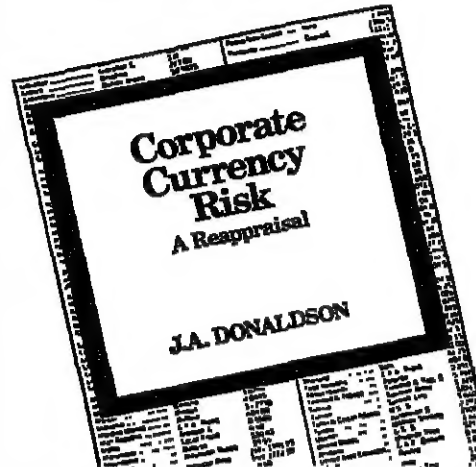
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Saturday August 22 1987

Hot weather
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ALTHOUGH followers of the London market would hardly suspect it, the developed world economy is going through unusually calm waters at the moment. Growth is exceeding forecasts in Britain and Japan, and apparently meeting the Administration's hopes in the US, although these were until recently dismissed as impossibly optimistic. At the same time, inflation, outside the asset markets, remains subdued, with commodity prices softening after their strong rise.

Looking further ahead, not even the professional worriers seem to find much to exercise their talents. The OECD in Paris is modestly revising its forecasts upwards. The National Institute in London, despite its habitual pessimism, is positively reassuring: worries about overheating in the UK are overdone, and the forecast deficit on the current account looks manageable.

If it's true the National Institute does warn that both the dollar and sterling are overvalued, but this is hardly a crisis warning. Substantial depreciation is already discounted in the markets, where investors require large interest rate gains to persuade them to hold dollars or sterling. As a result, the quite sharp rise in the dollar in the past few days seems to be causing little excitement.

Signs of collapse

Why, then, has the London market been showing signs of incipient nervous collapse? It is now well over 10 per cent down from its post-election peak, while Tokyo and Wall Street have recovered to historic highs, and in the past two weeks London has been shocked twice by the same news. It over-reacted to the authorities' raise interest rates for undisclosed domestic reasons two weeks ago, and was shocked all over again when the bank lending figures showed what the reasons were.

The almost shamefaced rally yesterday afternoon was a sort of confession, but the illogical pattern of price movements is a more telling exposure of the half-panic among the market makers.

If the market fears inflation, then equities should be strong: they have an underpinning in real values. If, on the contrary, it fears strong Government intervention to check inflation, then long bonds, which are discounting inflation, should have risen rather than falling. The fact that prices fell across the board simply means that market makers have been engaged in their own game of pass the parcel.

In the days before Big Bang the jobbers, who had a comfortable near-monopoly, used to say that the first rule of sound jobbing was to avoid becoming an

investment trust—in other words, to avoid accumulating too much stock. When the investors showed signs of being rattled, however, they were prepared to break their own rules and take position, and often made a great deal of money by doing so.

Today's competitive market seems to work on the opposite principle. Turnover has doubled since Big Bang, but commissions on big deals have virtually disappeared, while costs have risen steeply. There are now ten times as many market makers doing a diminished net income, and while the bull market lasted they made up the deficit precisely by acting as investment trusts.

Seriously exposed

As a result the downturn left many of them seriously exposed; and since it has come (as it usually does) in the dog days of summer, when many potential investors are on holiday, they have had to trade quite largely with each other. Only quite sharp price falls have persuaded the holder of them to gamble on a rally, and so help the more chastened to shorten their books.

Only a suit does of Entero-Vioform to soothe this holiday indigestion until the investors are back, coupled with a warning to go easy on the new issues the market does raise a serious question. Is the new competitive structure inherently so volatile as to endanger the real economy outside?

The idea that the authorities should take a view on equity market values and seek to enforce it may sound like a mad socialist heresy; but that is in part what the Bank of England has been doing in the past few weeks while the Bank of Japan quite routinely gives a touch on the tiller from time to time. The currency markets are volatile for much the same technical reason: the absence of any substantial speculation against the market trend (which might be taken as a definition of perfect competition). Here too intervention was regarded as a heresy two or three years ago; it is now orthodox official thought.

The authorities have plenty of time to brood about this possible counter-reformation, because the worldwide securities boom will not be seriously tested as long as huge current account imbalances generate equally huge international flows of investment funds. The persistent record-setting in markets with a far less encouraging economic background than London shows how powerful this money is. In the longer run, however, official stabilisation may well be needed. That can mean cooling strong markets as well as supporting weak ones.

As Britain cools off from Madonna-mania, Antony Thorncroft looks at the economics of pop

Bands of
hope, few
of glory

IN NOVEMBER 1983 the publicity department at WEA Records in London had a problem—how to cajole the press to come and review the first British appearance of a blonde and brassy American singer called Madonna. In the event they did not manage it, and this minor historical milestone passed largely unrecorded.

This month the same department had the even bigger problem of coping with the mass hysteria generated by Madonna's second appearance in the UK. This time very little information was released, which enabled the press to fantasise to its heart's content. And this time almost 300,000 people watched the star's four performances, generating revenue of around £4.5m.

The sale of Madonna merchandise in the UK has been paid well for just over six hours of strutting the stage. More to the point, her tour has given a boost to her latest record "Who's that girl," which has recently slipped in the charts. Her manager, Peter Felstead, who runs a small pop management company and went to see the band early in 1986, "He was very impressed by lead singer and songwriter, Ricky Ross, signed him up, put new musicians around him, and approached his contacts in the record industry."

Madonna is among the top earning pop stars of all time. In just five years she has chalked up record sales of 55m, compared with the Beatles' 100m in a much longer career. Her appearances have also helped her to the top of the earnings league. She has made it largely through will power, propped up by talent. It is a success story which inspires bands in the UK, all desperately seeking the pop music break to a fortune—by say nothing of fame.

Only a few hundred of the aspirants will get a toe-hold on Madonna's ladder. On the lower reaches of this ladder, they can only be sure of losing money. They start by playing in pubs and clubs, perhaps for nothing,

perhaps for a collective fee of £40. But to make any impact, a band needs to hire sound and lighting equipment which might cost £100, and a "humper," to look after it all. By these live appearances a coterie of loyal supporters has been created, and whispers of talent might begin to reach the ears of a record company scout.

If the band is good—and lucky—it may be asked to make a record, another major expense. Of the 150 or so singles released each week, only a handful make a profit. A total of 67.4m singles were sold in the UK last year, 9 per cent fewer than in 1985, and on average each lost around 0.1 of a penny.

Unfortunately for the aspirant groups, the cost of the expendable single has risen dramatically in the past five years. According to Mike Heap, former chief executive at WEA who now runs Legend, his own company, the cost of issuing a single has trebled since 1983 to £30,000. Production of a video to promote the single regarded as almost essential for success, accounts for part of the increase. But the main boost has come from the cost of hiring a top value producer. This is the ace of the producer, and the best talents command £8,000 for three days work.

In the week that Madonna rampaged through the UK, Deacon Blue released their third single. They are a Glasgow band which, in the opinion of most aspirants, has made it. Their talent was noticed by Peter Felstead, who runs a small pop management company and went to see the band early in 1986. "He was very impressed by lead singer and songwriter, Ricky Ross, signed him up, put new musicians around him, and approached his contacts in the record industry."

It sounds marvellous, but in practice the contract has many drawbacks. CBS can drop the band after the first year and from the £250,000 an album has to be created. In the event, the first Deacon Blue LP cost just under £100,000 to produce, something of a feat. The rest of the money pays for touring costs, the wages of the "humper," sound man, and organiser. The six musicians receive around £120 a week each.

So far, the first album has sold 30,000 copies worldwide.

All the profit goes to CBS to help cover its investment. Only when it has sold 100,000 copies will the band start to make money, receiving between them around 60p from the average album selling price of £3.89. CBS plans to renew the Deacon Blue's contract. There has been overseas interest—in Australia and the Netherlands—and the album is due to be released in the US in January. It also has "cross-over" potential, the most sought-after quality in the record industry: meaning that the music could be popular with the affluent 25-year-old age group, as well as with impoverished teenagers.

For Deacon Blue, it has been a year of constant touring, with four or more concerts a week, to build up a following, and to sell the vital extra records which lift the singles up the charts, and closer to the Radio One play list. Deacon Blue have had all the outward recognition of pop stars with, as yet, none of the financial rewards.

While the band waits anxiously to see whether its challenge for the pop jackpot will succeed, another group, which on the surface has already justified its ambitions, is experiencing some equally tense days in New York. Curiosity Killed The Cat's first album, released in April, went straight to Number One, a remarkable achievement. If he did not get them a recording contract within a year there was no further commitment.

The lads were lucky. Mr. Rosenberg had connections. He persuaded two friends to come in on the venture. Within a year, £25,000 had been invested in the band.

Mr. Rosenberg failed the boys. He needed a few weeks extension before he got the contract. But by that time two companies, the major Phonogram and the small independent China, were both chasing Curiosity, having seen them at a well promoted concert for the record trade.

Being courted by two companies was the key to Curiosity's breakthrough. Rosenberg got them a 15 per cent royalty, high for a first album, and managed to exclude the US rights from the deal. Following the band's success in the UK, he was able to negotiate a much better package with an American record company, although after tense discussions he has signed with Phonogram's counterpart, Polygram. As well as the royalty, Phonogram contributed by £100,000 to keep the band afloat, and has picked up



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the bills for some expensive embellishments.

And the commitment was needed. When Curiosity released their first single, "Misfit," last summer, it fell at the first hurdle. It was not picked for BBC Radio One's play list. Since acceptance among the 40 records that the Radio One DJ's play constantly is almost essential for chart success, such a setback was a great blow. Without the promotion "Misfit" crept up to Number 76 in the charts and then subsided. The second single, released last October, almost suffered the same fate. It took Mark Howell of Phonogram, whose job is to persuade the Radio One principals that his company's product is best, ten weeks to get the single on the BBC airwaves. After that Curiosity have scarcely paused for breath, and Mr. Rosenberg and his backers can enjoy their ride on the pop music rollercoaster. He still sells insurance.

Curiosity and Deacon Blue, and all those thousands of would-be British pop stars, share one advantage over like-minded youngsters in other countries. British pop retains its over-riding reputation, created by the Beatles and reinforced by

the ubiquity of the English language. Last year British artists established nine number one singles in the US, and 40 of the 100 best-selling singles in Europe. If a band is signed by a record company in the UK its associate companies abroad take notice.

This makes Britain the powerhouse of the international pop music business. It explains why companies here are prepared to go to such extravagant lengths to create stars—paying up to £20,000 for a new band to accompany a major artist on tour, investing over £100,000 in advertising and promotional campaigns for musicians who have never performed in public and employing teams of pluggers to pester disc jockeys.

Most of the money is wasted, but the rewards can equal the gross national product of a nation. Michael Jackson is about to launch his new album, "Bad." His last major success, "Thriller," has sold 40m copies, with a total turnover of around £300m. Mr. Jackson, who has the highest royalty of any recording artist, will have banked almost £100m of this. It is such facts that keep the pop fantasy world spinning.

SUMMER is a hard time for the oyster growers of Brittany. As if it were not enough that sales of oysters die off because there is no "r" in the month, the summer also brings tourist cruisers, apertures, and the oysterbeds in the Gulf of Morbihan and washing away the delicate shellfish.

For the Breton oyster growers the problems of the summer months are just another in the catalogue of woes which have battered their industry. For fifteen years disease, water pollution and poor marketing have conspired to keep prices stagnant at FF8 to FF9 (80p to 90p) a kilogramme.

Consumers in Paris may grumble at the claim that prices are inadequate, but they pay FF38 to FF58 a dozen, depending on size.

Oyster growers have been complaining about prices for generations, and the problem is not likely to go away. In 1958, according to a study by Mr. Pierre Dalido, the mark-up on oysters in a Paris restaurant was 370 per cent over the price paid to the producer.

"You can live decently, but not comfortably, on 30 tonnes of sales a year. And with these prices, you certainly don't dream of fast cars or holidays in the Caribbean," says one oyster grower.

The growers' main problem is their product. Expensive for the consumer, hard to open, with a flavour that is not to everyone's taste and a reputation for producing violent stomach disorders, marketing is clearly a problem.

"The oyster is not a product of the first necessity. Everyone is going to eat a potato sometime in their life, but they can very well get by without ever eating an oyster," says Mr. Bernard Lorgeoux, president of the south Brittany oyster growers.

The difficulty for the consumer of even getting at the product is often underestimated by the professionals of the industry, Mr. Lorgeoux believes. When faced with the choice of gashing their hands on an oyster shell or snipping open a cellophane packet of smoked salmon, only the more devoted gourmet plumps for oysters.

The world, alas, is no
longer your oyster's

By George Graham in Paris

"Not everyone can do it. If we found a miracle gadget we could sell 25 per cent more oysters overnight," he says. The growers have sought help from producers of kitchen equipment, and various mechanical and electric oyster knives have come onto the market. None have really worked.

Many professionals still find the most efficient tool is the Opinel, the basic pocket-knife of millions of Frenchmen with its cherry-wood handle and ring to lock the blade in place.

The threat of a bad oyster also poses problems, although the French or the Belgians have nothing like the conviction of the British that every oyster is bound to be off. In winter, the fear is reduced because of the cold weather. It is in any case the best time for selling oysters, and Christmas and New Year are the two sales peaks.

Supermarket chains are the dominant buyers in this season,

taking up to 40 per cent of output.

Increasingly, growers have started selling oysters in summer, meeting a demand from holidaymakers who want fresh seafood during their stay on the Brittany coast. Paris restaurants, too, sell to tourists in August, although the take-away trade of the street-corner oyster seller dies off almost completely.

But many connoisseurs find oysters less agreeable between May and August, since the months without an "r" are those in which they reproduce. The burden of eggs gives the oyster a milky flavour which is not always pleasant.

The oyster industry in Brittany began to take shape in its modern form in the 1850s and 1860s, under the Emperor Napoleon III. The idea was to cultivate the shellfish scientifically, rather than simply culling the natural beds.

There are now around 1,475 oyster growers in the region, with some 4,500m hectares of exploitable oyster beds. It is overwhelmingly a family industry.

Despite the advances of the past century, even today the growers do not control the entire life cycle of his product. He must capture seed oysters from millions laid in the wild—of which only a handful would reach maturity naturally—by attracting them to strategically placed tiles which take the place of the rocks they would normally settle on.

The seed oysters are then laid in special beds, protected from predators such as crabs and borer winkles, before final fattening and sale.

Portuguese oyster grown further south at Arcachon and Marennes.

In the 1970s, however, disease struck the Brittany coast, wiping out 90 per cent of the stock of native oysters, or "plates."

Production dropped from a peak of 18,000 tonnes a year to only around 300 tonnes last season, the weakest for some time.

Government sponsored efforts to revive the "plate" have met with some success at Cancale, on the north Brittany coast. But in the main oyster-growing area of the Gulf of Morbihan, to the south, the martella and bonamia parasites continue to wreak havoc.

Efforts have been made to rebuild stocks with the Japanese "creuse," a coarser oyster which fetches only a third of the price of the "plate."

However, the "creuse" will not breed in the cold waters off Brittany, so Breton growers have to go south to buy or capture their seed oysters, increasing costs.

And as they are still regarded as relatively new in the "creuse" market, Breton oysters have difficulty competing against older-established centres like Marennes, further south in Charente. Over half of Brittany's total oyster production is now sent away for the final fattening and then sold under the Marennes label.

"Marketing is the big problem. We have to get the Breton oyster better known," comments Mr. Hervé Jenot, an oyster grower at Carnac Le Po.

The Breton oyster is not yet generally recognised for its superior quality. We have to put into place a strong commercial structure to sell our oysters with the Breton label," adds Mr. Lorgeoux.

Best of all would be the discovery of a cure for the martella and bonamia parasites, allowing the "plate" to make a comeback. But oyster growers are not yet dreaming of that, any more than they are of the miracle oyster opener or the Caribbean holiday.

THE
CASTLE, HAYCOTE, ENGLISH,
GORDON, THOMAS, ROBSON,
WHITE, GOLF STEVENS,
BARTLEY, FRAWLINGS, COX,
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David Churchill on the adult board-games battle

* For telephone see local directory. CAR = Annual yield after interest compounded.

UK COMPANY NEWS

START OF DISPOSALS TO FUND INVESTMENT YIELDS £80m

Asda sells bulk of fresh foods side

BY LISA WOOD

Asda-MFI, the British retail and food group, sold most of its Associated Fresh Foods (AFF) business for £80m cash. A management buy-out team, supported by investors in the industry, has bought the dairy division for £60m. Van den Berghs, a subsidiary of Unilever, the Anglo-Dutch consumer products group, has paid £15m for the cheese-manufacturing division.

The sale is the first of three intended by Asda-MFI. Last month the group announced it was selling its Allied carpets and MFI furniture stores. The group plans to use the disposal proceeds to help fund a £1bn investment programme into its Asda stores.

Mr David Granby, a director of Asda-MFI, said preliminary bids for MFI and Allied closed yesterday with a number of offers from both at home and overseas. It is understood that management buy-outs have been put forward from both MFI and Allied.

The management buy-out of the dairy division is headed by six executives from AFF who have a 10 per cent equity stake in the business. Investors in the industry have provided the mezzanine debt and underwritten the equity element in conjunction with Prudential Venture Managers and SPHG Equity Ventures. Standard Chartered Bank has underwritten the medium-term loan and working capital facilities. Both the equity and medium-term debt elements of the financing will be syndicated over the next few weeks. The purchase price includes repayment of £3m of inter-company loans.

The business, based in Leeds, is a major supplier of liquid milk and milk products in the north of England. In the year ended May 2 1987 it had a turnover of £12.4m and an operating profit of £8m. Net assets are valued at £2.2m.

Mr Frank Blake, the new managing director, said: "We hope to bring this new company to the stock market in three years after we have demonstrated growth as an independent company." He said movements in profits for the division as a whole — which fell in the year to May 1987 compared with the previous year — were attributable to adjustments in inter-company trading.

Mr Blake said he intended to develop the company's door-step milk deliveries, its added-value products and trade with other retailers.

Van den Berghs has bought the hard cheese manufacturing plant at West Marton. In the year to May 1987 it had a turnover of £25.5m and an operating profit of £1.6m. Van den Berghs, a margarine manufacturer, started importing soft cheeses into the UK this year from a supplier subsidiary in Bavaria, West Germany. The company said: "In order to expand in the UK cheese market we needed manufacturing facilities."

Asda-MFI, advised in the disposal by County NatWest, has retained Associated Fresh Foods' meat operations in west Yorkshire because virtually all its output goes to Asda stores. The assets sold accounted for about 80 per cent of AFF's £11.8m 1987 operating profit.



Sir Noel Stockdale, chairman of Asda-MFI

Although Schroders filed the claim in the High Court as trustee for Legal & General and Provident Mutual, which own 165,000 and 290,000 PPL shares respectively, it said: "It is our intention in any settlement that may be forthcoming to serve the interests of all shareholders who may have a valid claim for damages."

Mr Matthew Patient, Deloitte technical partner, yesterday confirmed that proceedings had been started. The firm had taken legal advice from counsel and independent accountants, including Ernst & Whinney.

In a statement yesterday, Mr Patient said: "We do not accept that sales were incorrectly taken in the September 1985 accounts nor do we believe that the contents of either these accounts or the prospectus had any impact on the failure of the company. This arose from lack of sales and excessive expenditure in 1984."

"The contentious areas such as accounting for income and cash flow were fully discussed by the directors with shareholders at the time of the AGM. Schroders acting as merchant bank in the situation."

"We believe nothing was hidden from Schroders at the time and therefore we are surprised that Schroders is proceeding with this action. It will indeed take some years to resolve."

PPL called in the receiver only 11 months after joining the main market through a placing at 145p which valued the company at \$9.5m. Its shares were suspended at 51p last November.

Schroders takes legal action over PPL listing

By Clay Harris

SCHRODERS, the merchant bank, has begun legal proceedings against accounting firm Deloitte Haskins & Sells over the listing particulars of PPL (Holdings), the computer software company which called in the receiver in January.

The action by Schroders alleges negligent misstatement by Deloitte and breach of warranty by Mr Roy Taylor, former PPL chairman, and Pioner Taylor Securities, a company controlled by Mr Taylor which is a major shareholder of PPL.

In a letter to PPL shareholders, Mr Robert Swannell, Schroders director, said: "The claims are based, inter alia, upon the allegation that sales were incorrectly included in PPL's profit-and-loss account for the year ended September 30, 1985."

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Dewey Warren in £65m cash call to fund expansion

BY CLAY HARRIS

Dewey Warren Holdings, the Lloyd's insurance broker through which Mr Robert Holmes a Court holds nearly 8.2 per cent of Morgan Grenfell, yesterday launched a £65m rights issue to fund acquisitions and develop its financial services activities.

The USM-quoted company also agreed to pay £2m in shares for Nasco, parent of a reinsurer broker which will be merged with Dewey. It is unlikely, however, to pursue the recently denied insurance interests of Hogg Robinson when a six-month bid freeze expires in February.

The heavy two-for-one rights issue had been signalled a month ago. It was priced yesterday at 257p, compared with the 280p at which shares were suspended on July 17. The shares are expected to resume trading on September 8.

Mr Philip Long, deputy chairman, said that Dewey was considering investments, either through equity stakes or full takeovers, in fund management and merchant banking as well as the purchase of further insurance interests.

The company said it planned to assemble a strong team of analysts and financial services employees. Dewey had agreed to buy the Togg Robinson and Gardner insurance activities for £11m as part of TSB's full takeover bid which was announced last month when Hogg shareholders approved a demerger.

The Takeover Panel afterwards barred TSB or Dewey from reviving their bids for six months. Subsequent developments in the Hogg group's management and structure, as well as pending litigation, have removed much of the attraction for Dewey.

Mr Holmes a Court's Bell Group will take up its rights and has partially underwritten the issue to take its stake back to 41.47 per cent from the 31 per cent to which it would fall as a result of the Nasco deal and the issue of 13m shares to the Kuwait Investment Office in return for 7m Grenfell shares. Bell will receive a standard commission of 1.5 per cent on any shares it takes up through the underwriting. The rest of the issue has been underwritten by S. G. Warburg.

The £100m will hold nearly 25.5 per cent of Dewey's enlarged equity. Its shares are not eligible for the rights issue.

Dewey yesterday reported a 6 per cent fall in interim pre-tax profits from £268,000 to £258,000. Brokerage income of £242,000 was less than half the £3.7m level in the comparable six months. Once again stripping the interim dividend, the company has made no payment since the 1985 final.

Nasco lost £385,000 before tax on continuing activities in 1986, on brokerage income of £1.2m, on a 10 per cent share in overseas after costs of the merger had been absorbed.

Guinness Peat plan gets Panel approval

By Terry Povey

THE TAKEOVER Panel yesterday cleared financial services group Guinness Peat's plan to install a new management at its merchant banking arm Guinness Mahon.

However, the GP board still faces an injunction blocking this change from Equitcorp, the New Zealand finance and investment group which on Tuesday indicated that it might soon increase its stake in the UK company to over 30 per cent and therefore be obliged to make a full takeover bid.

Equitcorp objects to the terms under which GP proposes to hire a 12-person team, mainly replacements for similar positions of executives who abruptly resigned from the bank in the spring, to run Guinness Mahon.

It is understood that hiring terms, which have not been released, include a considerable performance-related profit-sharing scheme.

The New Zealand group commented yesterday that "payments of tens of millions are conceivable under this plan—it is even possible that all of Guinness Mahon's profits for the next five years will be paid out to this management team and that is a very serious matter for shareholders which they ought to be consulted on."

Equitcorp also said that its appeals to the courts and the Takeover Panel covered different aspects of this issue. "The injunction was sought solely to protect our commercial interests," said Mr Peter Hogg, its London-based executive, "as this deal threatens the value of our £100m investment in GP."

The application to the Panel was made on the grounds that the deal, agreed by GP's full board (excluding the two dissenting Equitcorp members) on Tuesday, was a move to frustrate a possible bid. It is this application that the Takeover Panel, which is active as a new rule against accepting GP's contention that the scheme was in place before there was any indication of a bid.

Equitcorp's advisers acting for GP said that the next step for GP was to press for the removal of the injunction.

Ashcroft in US ready for talks with ADT

By Clay Harris

Mr Michael Ashcroft, chairman of Hawley Group, has gone to the US to be ready to enter talks with ADT, security services group, for which Hawley launched a \$635m (£400m) takeover offer earlier this week.

Hawley advisers said yesterday that lines of communication had been established between the two companies but had not yet been used.

ADT, which has kept a discreet silence on the approach apart from a brief statement of acknowledgement yesterday, refused to go even that far. "We're still in the studying stage," said Mr Ed Liddy, chief financial officer.

ADT shares have soared this week above Bermuda-registered Hawley's \$47 cash offer. They were \$51 higher at \$51½ in early trading yesterday. In London, Hawley shares closed 1p lower at 153½p.

Rothschild plans date for Anglo Leasing float

By Nikki Tait

Mr Jacob Rothschild, chairman of investment company J. Rothschild Holdings, told shareholders at yesterday's annual meeting that the flotation of its Anglo Leasing subsidiary will probably go ahead in September, "subject to market conditions."

Anglo Leasing was acquired in 1972, and is in J. Rothschild's books at £23.5m. Estimates have suggested that floating the company could see it valued at more than double that. It is a major office-equipment leasing company in the UK, with an annual value of less than £4m, and a profit of £4.5m.

Shareholders yesterday renewed the company's powers to buy its own shares—up to 54.5m over the next 12 months at prices below 500p. To date, Rothschild has bought 117.5m shares, at an aggregate cost of £138.5m. In the 1986-87 financial year, the figures were 45.5m and £62.9m respectively.

Ryan Hotels offer talks terminated

By Fiona Thompson

Ryan Hotels, Irish hotel, tour and travel operator, said yesterday that talks begun earlier this month on a possible offer for the company had terminated.

Plessey sells peripherals arm

BY DAVID THOMAS

Plessey, the UK electronics group, is discussing the sale of its computer peripherals subsidiary with Distributed Logic Corporation (Dilog) of California.

Plessey has made it clear for some time that it did not regard its computer peripherals operations as a core part of its business.

The decision to sell fits into its strategy of concentrating on high technology activities in defence, telecommunications and

components. In June, it also put its connector business up for sale.

Plessey's peripherals business makes and markets enhancement products to the Digital Equipment Corporation computer range.

It employs 322 people worldwide, 100 of which are in the UK. Its main locations are Irvine, California, Twickenham, UK, and Toronto, Canada.

The business last year had sales of about \$50m. It has been loss-making for some time: in the quarter to the end of June, the results of which were reported on Thursday, computer peripherals lost \$0.4m on sales of \$3.5m.

Final agreement between Dilog and Plessey has not been reached. Dilog makes disc tapes and communication controllers for the computer industry: it had sales of \$10m in the first nine months of this fiscal year.

Although Schroders filed the claim in the High Court as trustee for Legal & General and Provident Mutual, which own 165,000 and 290,000 PPL shares respectively, it said: "It is our intention in any settlement that may be forthcoming to serve the interests of all shareholders who may have a valid claim for damages."

Mr Matthew Patient, Deloitte technical partner, yesterday confirmed that proceedings had been started. The firm had taken legal advice from counsel and independent accountants, including Ernst & Whinney.

In a statement yesterday, Mr Patient said: "We do not accept that sales were incorrectly taken in the September 1985 accounts nor do we believe that the contents of either these accounts or the prospectus had any impact on the failure of the company. This arose from lack of sales and excessive expenditure in 1984."

Ault & Wiborg up to £4.3m

BY DAVID THOMAS

AULT AND WIBORG GROUP, manufacturer of specialty chemicals, boosted profits from £406,000 to £4.3m on turnover down from £36.8m to £17.6m in the six months to June 30, 1987.

However, the 1986 figures include results of businesses since disposed of while the trading profits for the first half of 1987 reflect only the retained chemicals operations which have continued to show the excellent progress achieved during 1986.

The directors said that Ault now had considerable cash resources and they were pursuing opportunities not only to develop existing business but also to expand by diversification, including acquisition.

As such acquisitions would probably place the company in a borrowing position, they had deemed it advisable not to pay an interim dividend. Last year Ault paid a total of 2p. Extraordinary dividends of 2p were paid on 25p ordinary shares before extraordinary costs rose from 0.85p to 1.04p.

The disposal of assets relating to the businesses sold at the end of 1986 and beginning of 1987 was progressing and the directors believed that the proceeds would be used to pay the dividend and to account relevant tax credits to not less than the value attributed to them in the balance sheet at the end of 1986.

In December Ault sold its printing ink division to Dainippon Ink and Chemicals of Japan for £18.25m and its paints business for £2.5m to Borden Johnson and Nicholson. In February of this year the printing ink

division of Ault's Warwick International subsidiary was bought by its management in a £2.5m deal.

Gross profits amounted to £5.9m (£1.46m); distribution costs fell from £1.54m to £276,000; administration costs dropped from £7.05m to £1.17m; redundancy, closure costs and other exceptional items were nil compared with £236,000 last time.

Operating profits totalled £4.47m (£1.54m); interest receivable, £587,000 (£64,000); interest payable, £569,000 (£1.28m); tax, £1.55m (£400,000). Extraordinary items rose sharply from £74,000 to £1.55m.

The company's 53.4 per cent owned by Sun Chemical Corporation of the US, is planning to change its name to Sequa.

Benlox in talks with Security

Benlox, civil engineering and investment dealing group, which last month won a £15m hostile bid for another mini-conglomerate, Nolton, is having talks with Security PLC, which could lead to an offer.

Security specialises in the security door business and has its shares traded on the over-the-counter market by Chartwell and UTC. They were suspended at about 23p when the talks began yesterday.

Mr Andrew Millar, Benlox chairman, said that the acquisition, if it went ahead, would clear part of his group's policy of moving into the building materials area.

Burns Anderson yesterday completed its transition to a purely financial services company by agreeing to sell its Manchester-based group of motor dealers, for £225,000 to privately-owned Dean Smith Garages.

With the retention of a £250,000 intra-group dividend for the current year and repayment of £230,000 in loans to the parent company, the deal is worth a total of £1.6m to Burns Anderson. Knibbs holds Fiat, Citroen, Lancia and VW-Audi franchises in Greater Manchester and north-west England.

The latest sale raises a £10.1m disposal programme which began with the installation of new management only two months ago. Further property sales are expected to fetch another £20,000.

The company meanwhile has abandoned plans to drop the Burns Anderson name in favour of a new identity centred on University Medical and General, the financial planning concern

Angel walk sold

Scottish Metropolitan Property has purchased the Angel Walk shopping centre from Lazard Property Trust for over £3.25m. The company believes the centre will provide great potential for future rental and capital growth. Most of the rents fall to be reviewed over the next two to four years.

The company is also predicting a good return on investment from the new Broadway centre, the principle shopping area of Corvill, north Gloucestershire. The centre was purchased for £7m from County and District Properties.

Charterhall stake

CHARTERHALL, the Australian-controlled oil and investment company, has increased its stake in A. Goldberg & Sons, Glasgow-based retailer, from 5.18 per cent to 7.23 per cent.

SUNLEIGH ELECTRONICS has completed the acquisition of Powe Kaddy International for an initial consideration of £3.2m.

Shandwick makes £4.6m Far East acquisition

BY STEVEN BUTLER

Shandwick, public relations company, continues to build its rapidly-expanding global network with the acquisition of Gibson Public Relations, which operates in Singapore and Hong Kong, for a maximum of £4.6m.

There will be an initial payment of \$800,000 cash with further profit-related payments equal to ten times after-tax earnings in the three years to 1991.

In 1986 Gibson showed pre-tax profits of \$252,000 (£73,700) on a turnover of \$81.28m. In the seven months to the end of July pre-tax profits reached \$854,000 on revenues of \$875,000.

Mr Peter Gummer, Shandwick chairman, said that the low profits for the period to July reflected costs as the business was managed as a private company and were not reflective of the underlying business. He said Gibson's pre-tax profits in the year to the end of July 1986 were expected to be £190,000. The acquisition comes

less than a year after Shandwick's first overseas expansion in the US, and adds to its offices in New York, Washington, Maryland, Los Angeles, and Sydney.

The company said that it wanted to build a worldwide network adding that the framework was in place. The acquisition programme was to continue, although it did not indicate how the network would expand geographically. Shandwick describes itself as the largest independent public relations consultancy in the world.

LONDON RECENT ISSUES

EQUITIES

Price	High	Low	Open	Close	Change	Vol.	High	Low	Open	Close	Change	Vol.
100	100	100	100	100	0	100	100	100	100	0	100	100
101	101	101	101	101	0	101	101	101	101	0	101	101
102	102	102	102	102	0	102	102	102	102	0	102	102
103	103	103	103	103	0	103	103	103	103	0	103	103
104	104	104	104	104	0	104	104	104	104	0	104	104
105	105	105	105	105	0	105	105	105	105	0	105	105
106	106	106	106	106	0	106	106	106	106	0	106	106
107	107	107	107	107	0	107	107	107	107	0	107	107
108	108	108	108	108	0	108	108	108	108	0	108	108
109	109	109	109	109	0	109	109	109	109	0	109	109
110	110	110	110	110	0	110	110	110	110	0	110	110

FIXED INTEREST STOCKS

Price	High	Low	Open	Close	Change	Vol.	High	Low	Open	Close	Change	Vol.
100	100	100	100	100	0	100	100	100	100	0	100	100
101	101	101	101	101	0	101	101	101	101	0	101	101
102	102	102	102	102	0	102	102	102	102	0	102	102
103	103	103	103	103	0	103	103	103	103	0	103	103
104	104	104	104	104	0	104	104	104	104	0	104	104
105	105	105	105	105	0	105	105	105	105	0	105	105
106	106	106	106	106	0	106	106	106	106	0	106	106
107	107	107	107	107	0	107	107	107	107	0	107	107
108	108	108	108	108	0	108	108	108	108	0	108	108
109	109	109	109	109	0	109	109	109	109	0	109	109
110	110	110	110	110	0	110	110	110	110	0	110	110

"RIGHTS" OFFERS

Date Price	Advance or Retreat	Latest Closing Date	1987		Stock	Closing Price \$	+/- —
			High	Low			
18	RI	10/9	23 1/2	23 1/2	Black-Jewelry 10s	17 1/2	—
19	RI	10/9	23 1/2	23 1/2	Black-Jewelry 10s	17 1/2	+5
20	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	+1 1/2
21	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
22	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
23	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
24	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
25	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
26	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
27	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
28	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
29	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
30	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
31	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
32	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
33	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
34	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
35	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
36	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
37	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
38	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
39	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
40	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
41	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
42	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
43	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
44	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
45	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
46	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
47	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
48	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
49	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
50	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
51	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
52	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
53	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
54	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
55	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
56	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
57	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
58	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
59	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
60	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
61	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
62	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
63	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
64	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
65	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
66	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
67	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
68	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
69	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
70	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
71	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
72	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
73	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
74	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
75	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
76	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
77	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
78	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
79	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
80	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
81	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
82	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
83	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
84	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
85	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
86	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
87	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
88	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
89	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
90	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
91	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
92	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
93	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
94	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
95	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
96	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
97	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
98	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
99	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—
100	RI	10/9	24 1/2	24 1/2	Black-Jewelry 10s	17 1/2	—

APPOINTMENTS CONTRACTS

Chairman of NM UK Fuel for Falklands

Mr E. L. Bellies has been appointed chairman of NM UK, the holding company for NM Schroder Financial Management. Mr E. W. P. Welton remains on the board of NM UK.

JAMES BEATTIE has been appointed Mr Malcolm Smart as group finance executive and company secretary. He was with Ward White.

Mr Don Ure has been appointed managing director of the SALEX GROUP, Colchester, producer of noise and vibration control equipment.

Mr Richard Yonah has been appointed regional managing director of FIBIC EASTERN, Sharncliffe, set up by The Fibre Group. He was group sales director. Mr David Edge has been appointed operations director. He was in sales management with a division of Wyth Laboratories.

Mr Peter Bunn has been appointed executive director of HADRIAN TRADING, which is the independent administrator and trustee of The Shipbuilding Industries Pension Scheme (SIPS). He was in sales management with a division of Wyth Laboratories.

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and will also be devoting a certain amount of time to Solway Pension, an investment of SIPS which can administer pensions for any company, whether involved in shipbuilding or not. It is expected that he will be appointed to Hadrian's management board on October 1. Mr Bunn was group employee benefits manager with United Glass Holdings.

Mr Ronnie Blair has been appointed to the board of STANTON GROVE, a forest products warehousing and distribution company based in Birkenhead. Until his retirement in April, he was managing director of Abitibi-Price Sales Co., the sales company for Abitibi-Price of Canada, controlling UK and European newspaper sales. He is now vice chairman of Abitibi-Price Sales Co.

Mr David Bowden, a manager and group controller of Charter Consolidated has been appointed managing director of the SHAND GROUP. He has been a director of Shand since 1984. The Shand Group comprises principally the civil engineering and construction businesses of Shand based in Matlock, Biggs Wall & Co of Arlesey in Bedfordshire, the Morrison Group in Scotland and the quarrying interest of Penryn Granite in Cornwall and the Midlands.

A recently-formed Hogg Robinson joint venture company, STANLEY SERVICES, has been awarded a contract worth about \$30m in revenue by the Falklands Islands Government to provide bunkers to vessels in the Falklands Conservation Zone. The contract is effective from the next fishing season.

Stanley Services, based in Port Stanley, will also be responsible for the supply and distribution of all fuels for the islands, and will be involved in agency services and freight forwarding. Hogg Robinson owns 30 per cent of Stanley Services. S. & J. D. Robertson Group, a Scottish-based oil marketing and distribution company, and Stanley Fuels, a new company whose shareholders are the Falklands Islands Corporation and various fishing companies who are currently operating in the Falkland waters, own 25 per cent and 45 per cent respectively.

THOMAS RYDER AND SON, Derby, has won an order valued at £1.2m for two special in-line transfer machines from Rover to produce the oil holes in the new Rover "X" series engine crankshaft.

CHARLES BRAND, a subsidiary of Kier, has begun work on a £600,000 contract in the Inner Hebrides to construct a chamber to house the first shore-mounted wave energy device in the UK. Situated on a rocky gully on the Isle of Islay, the chamber will be constructed mainly from precast concrete sections up to 1 m thick. These units will subsequently be positioned together to form the rock of the gully, and connected with high strength in-situ reinforced concrete to enable the chamber to withstand the extreme wave forces on the exposed coastline. Waves entering the gully will

oscillate a column of water inside the chamber causing the air trapped above the water column to be inhaled and exhaled through a Wells turbine. Electrical power is generated by an alternator connected to the turbine. Following construction of the chamber, the wave forces and pneumatic performance will be monitored for about a year prior to the installation of a 200 kW Wells turbine.

A 95 per cent Government grant has been made to Queen's University, Belfast, whose project team, led by Dr Trevor Whittaker, have been conducting wave energy research. When completed the tidal device should be capable of providing an average power of up to 40 kW.

MARCONI COMMUNICATIONS SYSTEMS has been awarded a contract worth \$3.7m for two Teletest Stations. A terminal will be installed at the Mercury Communications Satellite Earth Station at Whitehill, Oxfordshire. The terminals are to be installed at two sites in 1988 and will extend the services being provided by Mercury from this site. They will be used to communicate with the Far East and the US via the Indian Ocean and Atlantic Ocean satellites.

MATTHEW HALL ENGINEERING has been awarded a contract by Lindsey Oil Refinery in connection with a planned revamp and maintenance turnaround at its South Humberside Refinery. The value of the work is in the order of £10m. The contract covers design, procurement and construction management work on the fluidized catalytic cracker unit, gas concentration unit and No 2 sulphur unit. Lindsey Oil Refinery is a company jointly owned by Refina (UK) and Total Oil Great Britain.

ECONOMIC DIARY

TOMORROW: Seventh international conference on gambling opens at Reno (until August 26).

MONDAY: British Association for the Advancement of Science conference opens at Belfast (until August 29). United Nations first world conference on disarmament and development opens in New York (until September 1).

TUESDAY: Interim reports from Hanson Trust; Hongkong & Shanghai Banking Corp. Japanese commercial banks meet again in Tokyo to discuss their response to BankAmerica's request that local banks join its capital-raising plan.

WEDNESDAY: New orders in construction industry placed in June published by the Department of the Environment. President Reagan to make televised foreign policy speech. TUC general council meets. Interim

reports from Northern Engineering Industries; Pearl Group.

THURSDAY: Energy Trends for June published by Department of Energy. Department of Transport releases figures for new vehicle registrations in July.

FRIDAY: Interim reports from Anglo American Industrial Corp.; Ladbroke Group; Marley. British Gas annual meeting, NEC, Birmingham.

FRIDAY: Department of Trade and Industry publishes engineering index of production, sales and orders in June; second-quarter provisional figures for finished steel consumption and stock changes; second-quarter company liquidity survey. CBI Monthly Trends for July. International Green Party conference opens in Stockholm (until August 30).

FT ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Friday August 21 1987										Thurs August 20					Wed August 19					Tues August 18					Mon August 17					Sun August 16					Sat August 15					Fri August 14					Thurs August 13					Wed August 12					Tues August 11					Mon August 10					Sun August 9					Sat August 8					Fri August 7					Thurs August 6					Wed August 5					Tues August 4					Mon August 3					Sun August 2					Sat August 1					Fri July 31					Thurs July 30					Wed July 29					Tues July 28					Mon July 27					Sun July 26					Sat July 25					Fri July 24					Thurs July 23					Wed July 22					Tues July 21					Mon July 20					Sun July 19					Sat July 18					Fri July 17					Thurs July 16					Wed July 15					Tues July 14					Mon July 13					Sun July 12					Sat July 11					Fri July 10					Thurs July 9					Wed July 8					Tues July 7					Mon July 6					Sun July 5					Sat July 4					Fri July 3					Thurs July 2					Wed July 1					Tues June 30					Mon June 29					Sun June 28					Sat June 27					Fri June 26					Thurs June 25					Wed June 24					Tues June 23					Mon June 22					Sun June 21					Sat June 20					Fri June 19					Thurs June 18					Wed June 17					Tues June 16					Mon June 15					Sun June 14					Sat June 13					Fri June 12					Thurs June 11					Wed June 10					Tues June 9					Mon June 8					Sun June 7					Sat June 6					Fri June 5					Thurs June 4					Wed June 3					Tues June 2					Mon June 1					Sun May 31					Sat May 30					Fri May 29					Thurs May 28					Wed May 27					Tues May 26					Mon May 25					Sun May 24					Sat May 23					Fri May 22					Thurs May 21					Wed May 20					Tues May 19					Mon May 18					Sun May 17					Sat May 16					Fri May 15					Thurs May 14					Wed May 13					Tues May 12					Mon May 11					Sun May 10					Sat May 9					Fri May 8					Thurs May 7					Wed May 6					Tues May 5					Mon May 4					Sun May 3					Sat May 2					Fri May 1					Thurs April 30					Wed April 29					Tues April 28					Mon April 27					Sun April 26					Sat April 25					Fri April 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INTL. COMPANIES and FINANCE

COMMODITIES AND AGRICULTURE

Suez seeks to raise fresh capital

BY GEORGE GRAHAM IN PARIS

THE FRENCH state-owned investment banking group, Compagnie Financière de Suez, is hoping to raise a substantial amount of new capital when it is privatised at the beginning of October.

The Government has already agreed to a capital increase of "at least 5 per cent" or around FF800m (\$130.9m). This could be achieved through the transfer to Suez of the shares held directly by the state in Banque Paribas and Banque de France, its subsidiaries.

Mr Edouard Balladur, the Finance Minister, must decide on whether a further cash increase should be carried out at the same time as the privatisation.

The financial group is particularly anxious to boost its funds since its arch-rival Paribas, privatised last December, has already carried out a successful FF4bn rights issue.

The operation aroused particular resentment at Suez, which had not only hoped to be privatised before Paribas but had also been prevented by the Government from raising new funds last year for fear of overburdening the market.

The Government has already called for applications for the "hard core" of major institutional shareholders to take up to 30 per cent of Suez's capital. Because the group of stable shareholders is relatively large, it may be possible to increase the public offering by adding a capital increase.

A number of foreign institutions, including Middle East and Far Eastern investors, have shown interest in taking a stake through the "hard core" offering. These investors have to commit themselves to hold on to their shares for at least two years.

Suez, like most of the French

state-owned companies, has found itself relatively short of new capital in the five years since it was nationalised.

The group raised FF2.5bn under the last socialist Government by issuing non-voting preferred certificates of investment, taking its capital to around FF18.5bn. This has not proved sufficient, however, to finance both the expansion of Banque Indosuez, its main banking and capital markets operation, and the development of its investment portfolio.

If the finance ministry were to decide against allowing a major capital increase at the same time as the October privatisation, Suez would be likely to follow the example of Paribas with a rights issue soon after its flotation. Most of the proceeds of a capital increase would be likely to go towards Suez's banking division.

Banque Indosuez, besides

WEEKLY PRICE CHANGES

Latest price	On %	Year	High	Low
per tonne	change	ago		
unice				
Metals				
Aluminium	+7.0	1275/295	1285/305	1265/285
Copper	+1.0	2290/240	2300/250	2280/230
Free Market 99.5%				
3 months Grade A				
Gold per oz				
Lead	+1.5	2290/240	2300/250	2280/230
3 months				
Nickel	-7.0	2290/240	2300/250	2280/230
Free Market				
3 months				
Palladium				
Gold per oz				
Lead	+1.5	2290/240	2300/250	2280/230
3 months				
Nickel	-7.0	2290/240	2300/250	2280/230
Free Market				
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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 20 1987				WEDNESDAY AUGUST 19 1987				DOLLAR INDEX		
	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Figures in parentheses show number of stocks per grouping											
Australia (93)	156.27	-1.1	142.84	146.29	157.95	-1.4	144.82	147.71	158.03	99.92	74.95
Canada (16)	96.76	+0.0	88.44	91.86	96.72	-0.1	88.48	91.86	101.62	85.33	71.99
France (123)	133.03	-0.2	121.99	125.48	133.25	-0.2	122.17	125.48	133.44	96.19	89.26
Germany (129)	139.48	+1.1	127.49	133.98	139.77	+1.0	127.97	133.98	142.10	100.00	90.07
Denmark (39)	118.27	+0.4	108.11	113.17	118.27	+0.4	108.11	113.17	121.35	124.10	95.25
Italy (174)	108.49	+1.2	99.17	104.03	108.49	+1.2	99.17	104.03	113.43	98.39	97.58
Japan (458)	104.16	+1.2	95.20	98.96	104.16	+1.2	95.20	98.96	108.55	84.00	94.80
Spain (14)	137.43	-1.1	125.62	137.77	137.43	-1.1	125.62	137.77	142.49	96.89	77.35
Sweden (13)	137.84	-0.8	125.99	137.77	137.84	-0.8	125.99	137.77	142.49	96.89	77.35
Switzerland (37)	87.07	+2.3	79.38	86.06	87.07	+2.3	79.38	86.06	94.76	101.22	91.94
United Kingdom (335)	147.01	+1.5	134.37	133.90	147.01	+1.5	134.37	133.90	152.75	100.00	103.29
USA (990)	180.95	-0.9	165.40	176.19	180.95	-0.9	165.40	176.19	193.64	98.24	94.82
Europe (931)	303.44	+1.0	277.36	285.88	303.44	+1.0	277.36	285.88	319.54	100.00	103.29
Asia (114)	130.78	+1.3	119.54	122.99	130.78	+1.3	119.54	122.99	138.78	99.65	91.61
New Zealand (24)	123.80	+1.1	113.16	122.47	123.80	+1.1	113.16	122.47	129.80	93.95	71.02
Norway (24)	171.31	+2.7	156.58	156.02	171.31	+2.7	156.58	156.02	171.31	100.00	100.71
Singapore (27)	167.83	+0.3	153.42	163.30	167.83	+0.3	153.42	163.30	171.31	100.00	100.71
South Africa (61)	175.64	+4.7	160.54	174.75	175.64	+4.7	160.54	174.75	189.09	100.00	73.20
Spain (43)	144.08	+1.5	131.69	135.29	144.08	+1.5	131.69	135.29	144.08	100.00	94.70
Sweden (13)	128.51	+0.8	117.52	122.10	128.51	+0.8	117.52	122.10	131.92	99.85	96.36
Switzerland (37)	107.89	+1.4	98.62	101.30	107.89	+1.4	98.62	101.30	107.89	92.01	97.12
United Kingdom (335)	145.05	-0.2	132.58	132.58	145.05	-0.2	132.58	132.58	145.05	99.65	97.12
USA (990)	136.61	+1.5	124.87	136.61	136.61	+1.5	124.87	136.61	136.61	100.00	101.24

Base values: Dec 31, 1986 = 100
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Latest prices were available for this edition.

EUROPEAN OPTIONS EXCHANGE

Series	Aug 87	Vol.	Last	Nov 87	Vol.	Last	Feb 88	Vol.	Last	Stock
GOLD C	\$400	310	54.50							\$445.75
GOLD P	\$400	310	54.50							\$445.75
SILVER C	\$500	30	70							\$74
SILVER P	\$500	30	70							\$74
S&P 500 C	\$250	45	1.50							\$1.50
S&P 500 P	\$250	45	1.50							\$1.50
DAX C	\$100	10	1.50							\$1.50
DAX P	\$100	10	1.50							\$1.50
FTSE 100 C	\$100	10	1.50							\$1.50
FTSE 100 P	\$100	10	1.50							\$1.50
Nikkei 225 C	\$100	10	1.50							\$1.50
Nikkei 225 P	\$100	10	1.50							\$1.50
Hang Seng C	\$100	10	1.50							\$1.50
Hang Seng P	\$100	10	1.50							\$1.50
ASX 200 C	\$100	10	1.50							\$1.50
ASX 200 P	\$100	10	1.50							\$1.50
IBEX 35 C	\$100	10	1.50							\$1.50
IBEX 35 P	\$100	10	1.50							\$1.50
TOPIX C	\$100	10	1.50							\$1.50
TOPIX P	\$100	10	1.50							\$1.50
SEAX C	\$100	10	1.50							\$1.50
SEAX P	\$100	10	1.50							\$1.50
FTSE 100 C	\$100	10	1.50							\$1.50
FTSE 100 P	\$100	10	1.50							\$1.50
Nikkei 225 C	\$100	10	1.50							\$1.50
Nikkei 225 P	\$100	10	1.50							\$1.50
Hang Seng C	\$100	10	1.50							\$1.50
Hang Seng P	\$100	10	1.50							\$1.50
ASX 200 C	\$100	10	1.50							\$1.50
ASX 200 P	\$100	10	1.50							\$1.50
IBEX 35 C	\$100	10	1.50							\$1.50
IBEX 35 P	\$100	10	1.50							\$1.50
TOPIX C	\$100	10	1.50							\$1.50
TOPIX P	\$100	10	1.50							\$1.50
SEAX C	\$100	10	1.50							\$1.50
SEAX P	\$100	10	1.50							\$1.50

TOTAL VOLUME IN CONTRACTS: 50,712
A=Ask B=Bid C=Call P=Put

LEADERS AND LAGGARDS

Percentage changes since December 31, 1986 based on Thursday August 20, 1987

Mining and Printing	+57.56	Consumer Group
Metals and Metal Products	+49.29	Electronics
Health and Household Products	+48.78	Industrial Group
Agencies	+46.51	Building Materials
Textiles	+46.51	Capital Goods
Overseas Traders	+46.51	Other Industrial Materials
Property	+46.51	Investment
Oil and Gas	+44.94	Financial Groups
Metals Index	+43.56	Complementers
Insurance Bank	+42.92	Insurance (Composite)
Factories, Construction, Distribution and Transport	+39.08	Mechanical Engineering
Telecoms	+38.44	Electronics
Metals	+37.60	Food Processing
Stores	+34.29	Stores
Share Index	+34.03	Insurance (Life)
Telecoms Index	+33.96	Telecommunications
Metals Index	+33.43	Brewers and Distillers
Printing and Paper	+33.34	Banks
		Insurance (Protectors)

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FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK) St George's Way, Weybridge London TW20 2EX Tel: 0181 871 1111 Fax: 0181 871 1112 Telex: 253535 Cable: 253535 Website: www.mli.co.uk	National Provident Inst.-Contd. 1000-1 1000-2 1000-3 1000-4 1000-5 1000-6 1000-7 1000-8 1000-9 1000-10 1000-11 1000-12 1000-13 1000-14 1000-15 1000-16 1000-17 1000-18 1000-19 1000-20 1000-21 1000-22 1000-23 1000-24 1000-25 1000-26 1000-27 1000-28 1000-29 1000-30 1000-31 1000-32 1000-33 1000-34 1000-35 1000-36 1000-37 1000-38 1000-39 1000-40 1000-41 1000-42 1000-43 1000-44 1000-45 1000-46 1000-47 1000-48 1000-49 1000-50 1000-51 1000-52 1000-53 1000-54 1000-55 1000-56 1000-57 1000-58 1000-59 1000-60 1000-61 1000-62 1000-63 1000-64 1000-65 1000-66 1000-67 1000-68 1000-69 1000-70 1000-71 1000-72 1000-73 1000-74 1000-75 1000-76 1000-77 1000-78 1000-79 1000-80 1000-81 1000-82 1000-83 1000-84 1000-85 1000-86 1000-87 1000-88 1000-89 1000-90 1000-91 1000-92 1000-93 1000-94 1000-95 1000-96 1000-97 1000-98 1000-99 1000-100	Provident Mutual Life Assn.-Contd. 1000-101 1000-102 1000-103 1000-104 1000-105 1000-106 1000-107 1000-108 1000-109 1000-110 1000-111 1000-112 1000-113 1000-114 1000-115 1000-116 1000-117 1000-118 1000-119 1000-120 1000-121 1000-122 1000-123 1000-124 1000-125 1000-126 1000-127 1000-128 1000-129 1000-130 1000-131 1000-132 1000-133 1000-134 1000-135 1000-136 1000-137 1000-138 1000-139 1000-140 1000-141 1000-142 1000-143 1000-144 1000-145 1000-146 1000-147 1000-148 1000-149 1000-150 1000-151 1000-152 1000-153 1000-154 1000-155 1000-156 1000-157 1000-158 1000-159 1000-160 1000-161 1000-162 1000-163 1000-164 1000-165 1000-166 1000-167 1000-168 1000-169 1000-170 1000-171 1000-172 1000-173 1000-174 1000-175 1000-176 1000-177 1000-178 1000-179 1000-180 1000-181 1000-182 1000-183 1000-184 1000-185 1000-186 1000-187 1000-188 1000-189 1000-190 1000-191 1000-192 1000-193 1000-194 1000-195 1000-196 1000-197 1000-198 1000-199 1000-200	Royal Heritage Life Assn.-Contd. 1000-201 1000-202 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OFFSHORE AND OVERSEAS

Artisan Investment Fund SA 1000-801 1000-802 1000-803 1000-804 1000-805 1000-806 1000-807 1000-808 1000-809 1000-810 1000-811 1000-812 1000-813 1000-814 1000-815 1000-816 1000-817 1000-818 1000-819 1000-820 1000-821 1000-822 1000-823 1000-824 1000-825 1000-826 1000-827 1000-828 1000-829 1000-830 1000-831 1000-832 1000-833 1000-834 1000-835 1000-836 1000-837 1000-838 1000-839 1000-840 1000-841 1000-842 1000-843 1000-844 1000-845 1000-846 1000-847 1000-848 1000-849 1000-850 1000-851 1000-852 1000-853 1000-854 1000-855 1000-856 1000-857 1000-858 1000-859 1000-860 1000-861 1000-862 1000-863 1000-864 1000-865 1000-866 1000-867 1000-868 1000-869 1000-870 1000-871 1000-872 1000-873 1000-874 1000-875 1000-876 1000-877 1000-878 1000-879 1000-880 1000-881 1000-882 1000-883 1000-884 1000-885 1000-886 1000-887 1000-888 1000-889 1000-890 1000-891 1000-892 1000-893 1000-894 1000-895 1000-896 1000-897 1000-898 1000-899 1000-900	Artisan Investment Fund SA 1000-901 1000-902 1000-903 1000-904 1
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LONDON SHARE SERVICE

BRITISH FUNDS									
1987	High	Low	Stock	Price	Yr	Yield	1987	High	Low
"Shorts" (Lives up to Five Years)									
10134	100	97	12/28/1987	100	11.91	9.56			
10135	97	94	12/28/1987	97	10.54	10.30			
10136	95	92	12/28/1987	95	10.54	10.30	13174	125	120
10137	93	90	12/28/1987	93	10.54	10.30	13175	125	120
10138	91	88	12/28/1987	91	10.54	10.30	13176	125	120
10139	89	86	12/28/1987	89	10.54	10.30	13177	125	120
10140	87	84	12/28/1987	87	10.54	10.30	13178	125	120
10141	85	82	12/28/1987	85	10.54	10.30	13179	125	120
10142	83	80	12/28/1987	83	10.54	10.30	13180	125	120
10143	81	78	12/28/1987	81	10.54	10.30	13181	125	120
10144	79	76	12/28/1987	79	10.54	10.30	13182	125	120
10145	77	74	12/28/1987	77	10.54	10.30	13183	125	120
10146	75	72	12/28/1987	75	10.54	10.30	13184	125	120
10147	73	70	12/28/1987	73	10.54	10.30	13185	125	120
10148	71	68	12/28/1987	71	10.54	10.30	13186	125	120
10149	69	66	12/28/1987	69	10.54	10.30	13187	125	120
10150	67	64	12/28/1987	67	10.54	10.30	13188	125	120
10151	65	62	12/28/1987	65	10.54	10.30	13189	125	120
10152	63	60	12/28/1987	63	10.54	10.30	13190	125	120
10153	61	58	12/28/1987	61	10.54	10.30	13191	125	120
10154	59	56	12/28/1987	59	10.54	10.30	13192	125	120
10155	57	54	12/28/1987	57	10.54	10.30	13193	125	120
10156	55	52	12/28/1987	55	10.54	10.30	13194	125	120
10157	53	50	12/28/1987	53	10.54	10.30	13195	125	120
10158	51	48	12/28/1987	51	10.54	10.30	13196	125	120
10159	49	46	12/28/1987	49	10.54	10.30	13197	125	120
10160	47	44	12/28/1987	47	10.54	10.30	13198	125	120
10161	45	42	12/28/1987	45	10.54	10.30	13199	125	120
10162	43	40	12/28/1987	43	10.54	10.30	13200	125	120
10163	41	38	12/28/1987	41	10.54	10.30	13201	125	120
10164	39	36	12/28/1987	39	10.54	10.30	13202	125	120
10165	37	34	12/28/1987	37	10.54	10.30	13203	125	120
10166	35	32	12/28/1987	35	10.54	10.30	13204	125	120
10167	33	30	12/28/1987	33	10.54	10.30	13205	125	120
10168	31	28	12/28/1987	31	10.54	10.30	13206	125	120
10169	29	26	12/28/1987	29	10.54	10.30	13207	125	120
10170	27	24	12/28/1987	27	10.54	10.30	13208	125	120
10171	25	22	12/28/1987	25	10.54	10.30	13209	125	120
10172	23	20	12/28/1987	23	10.54	10.30	13210	125	120

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WEEKEND FT

Saturday August 22 / Sunday August 23 1987

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

The divided brotherhood of Islam

As tensions rise in the Gulf,

Michael Field unravels the religious differences which aggravate the political conflict between Moslems



with the poor and oppressed. Increasingly, these were non-Arab Moslems—Syrians, Palestinians, Greeks and Persians—who had been converted to Islam after the conquests. They adopted Arab speech and dress and were supposed to be equal to other Moslems, in practice they remained subjects of the Arabs and continued to pay the taxes intended to be the lot of infidels. Foreigners drawn to the Shia community introduced elements of their own previous religions (which in several cases these had been Christian heresies) transmuting Shiaism into more mystical shapes.

Moslem notions of a Mahdi, a God-guided deliverer, became established; saints were created; places of pilgrimage (above all, Kerbala) appeared. All these were anathema to the legalistic and purist Sunnis. Thus, within a century, Shiaism evolved from a family political party into a distinctive religion with a strong anti-establishment bias.

The Shia leaders, the Imams, remained (or were supposed to be) direct descendants of Ali until the late 9th century AD, when the 12th in their line, a semi-mythical figure called Mahdi, went into hiding, where he is supposed to remain to this day.

Only in Iran has Shiaism been made the religion of the establishment. This was an act of the Safavid shahs in the 16th century, when they wanted to foster a stronger feeling of Persian national identity and make their subjects feel different from the Turks and Arabs with whom they were at war.

Sunni and Shia both believe in the five fundamentals of Islam: that there is one God and that Muhammad is his messenger; that they should pray five times a day; that they should give taxes to the poor; fast during the month of Ramadan; and go on the pilgrimage to Mecca if they can afford it. They have

as they chant the name of Ali. When the processions stop, professional sermonisers tell of the martyrdom. They describe how Hussein's little party is surrounded by thousands of his enemies. Entreaties for mercy to be shown to the women and children fall on deaf ears, and so Hussein draws up his 72 retainers for battle. The Umayyids stand back and shoot down the party with arrows until there is only Hussein left, wounded and exhausted, cradling his little son dead in his arms. He sinks down beside his tent to drink some water, and in the act of drinking he is shot through the mouth by an arrow. Crowds weep at the pity of this tale.

The ritualised bloodletting of Moharram is a reaffirmation by the Shia of separatism and status as a subject people. Everywhere in the Moslem world Shiaism remains a cult associated with the poor. In the Saudi Eastern Province (where only the most modest processions are permitted) and in Bahrain, the Shia populations have been conquered by Sunni rulers. In Iraq the Shia form a majority but have never held power, they think of themselves as a minority. In Lebanon they are by far the biggest single community, but they are the poorest.

It is this poverty and subjugation, more than any religious doctrine, that makes the Shia rebellious. Their militancy has been encouraged by the success of the Shia revolution in Iran. Where their religious traditions are essential is in adding willingness to be martyred to their militancy.

Among educated people of goodwill in the Moslem world, the social differences between Sunnis and Shia are recognised, but little attention is paid to the differences in religious custom. In the Gulf and even in the Saudi Eastern Pro-

vince there are Sunni-Shia friendships, business partnerships and, occasionally, marriages. Where anti-Shia prejudice thrives is among the ill-educated. It is at this level of society that people concentrate on the visible manifestations of Shia culture, such as the Moharram processions. They ignore the theology and derive satisfaction from branding the Shia as heretics.

The uneducated are joined in their prejudice by the Saudi family and the religious leaders (ulema) of central Saudi Arabia. Neither the Saudis nor the ulema are poorly educated, but it happened that their partnership was formed in the 18th century specifically to purge Arabian Islam of superstitious practices—particularly the veneration of tombs and saints, similar to Shia practice. The followers of the austere Saudi doctrine are known as Muwahhidin—Unitarians—after their insistence on the worship of one God.

The Muwahhidin believe that people who decorate a religious building will quickly begin to worship the decoration rather than God. Likewise they think that to pay respect to a tomb, a mere lump of stone with a skeleton beneath it, is weak-minded sentimentality. Even Saudi kings are buried in unmarked graves in the desert: soon after their deaths nobody can remember where they have been laid.

The Moharram processions are regarded by the Muwahhidin as mad. One year, a day before the processions were due to take place, a young Saudi prince told me that he could not understand why the Shia had to scourge themselves. The events they are remembering took place long before they were born," he remarked "and there's no reason for them to blame themselves because there's nothing they can do now to stop what happened."

What is interesting now is that even in the Saudi establishment an attempt is being made to overcome the old prejudice against Shia. The discontent of the Shia in the Eastern Province, which led to riots in 1978 and 1980, when the influence of the Iranian revolution was still fresh, is being treated as a social and economic issue. Much more money is being spent on the Shia communities there, and the government of the region has been vastly improved. The Shia are seen now as far less of a political danger than they were seven years ago.

No less interesting is the way Iran and Saudi Arabia have dealt with each other in the aftermath of the deaths in Mecca. Iran has called on all Moslems to overthrow the Saudi family. The Saudis, who have always been frightened of the Iranian revolution, have been mildly conciliatory in public—even though King Fahd and the senior princes are furious about the Iranian demonstrations which preceded the Mecca tragedy.

Beneath the surface there is Sunni-Shia tension in relations between the two countries, but this is never expressed in what the governments say to each other. When the Iranians broadcast propaganda to the Shia in the Eastern Province, for example, they urge them to rise against the Saudis because they are "tyrants" and unclean central Arabians, never because they are Sunnis.

In part, this is because the Moslem world is supposed to be united, and no Moslem government likes to attack another on religious grounds. More important: sectarian differences between the two countries simply do not count compared with the political differences between the revolutionary Islamic government in Iran and the monarchy in Saudi Arabia, or the secular regime in Iraq.

AN AMERICAN friend of mine living in Saudi Arabia was once on a flight from Dhahran in the Eastern Province to Riyadh, the capital, sitting next to a well-dressed but extremely nervous Saudi. In conversation the Saudi confessed that this was the third occasion on which he had meant to take the flight; he had come to the airport twice before, but had been so frightened that at the last minute he had turned round and gone home.

He explained that he was a Shia, a member of the mystical unorthodox sect of Islam. He was a gold merchant and had to go to Riyadh to see a client. He added that while he was in Riyadh he would be continually in the company of friends, and that whatever happened he would fly back to Dhahran before nightfall, even if he had not finished his business.

My friend left the gold merchant at Riyadh airport and did not see him again. That evening he recounted his experience to a member of the Saudi royal family who was known as a young tactician with enlightened views. The prince immediately claimed that the royal family were now doing a lot for the Shia but hesitated to explain that, even so, most of them were totally untrustworthy. They were quite mad, he stated in a wholly unargumentative manner: "If you take them on as office boys," he said, "they will spit in your tea and urinate in your coffee."

In the past three or four years the prince's view of the Shia has come to be shared by the Western media—and therefore by much of the Western public.

Shias have become almost synonymous with terrorism. The sect is regarded as a threat to the Saudi regime, and is understood. Shias are involved in most of the present bloodshed in the Middle East. They are at the heart of the conflicts in Lebanon; they have been responsible for most of the recent kidnappings and terrorist outrages there. Shias—immigrants, and more recently, nationals—have carried out bombings in Kuwait since 1983. To a certain extent the Gulf war is a confrontation between

Shias and Sunnis (members of the majority orthodox sect of Islam) in that where the socialist regime in Baghdad is ostensibly Sunni (it is actually indifferent to religion), the regime in Tehran is devoutly Shia.

The divisions between the Sunnis and Shias, and the links between the Shia and violence in the Middle East are certainly real, but they are less important than the Western media suppose. To understand the Shia mentality, and the way the two communities perceive each other, it is best to go back to the beginning, to the years after the death of the Prophet Muhammad in AD 632, and the early Arab conquests in Egypt, Persia and the Levant.

At this time there arose a dispute between two of the leading families of Mecca, the Hashemites and the Umayyids, over who should succeed to the Caliphate, the leadership of the Moslem community. The Hashemites, who were the Prophet's own family, argued that the succession should go to a relation of the Prophet; the Umayyids claimed, in accordance with the tradition (Sunnah) of the Arabs, that it should go to whomsoever was deemed most suited to be caliph.

The quarrel acquired a broad social significance. The family which won the dispute was Umayyid. Its leaders established the Caliphate in Damascus and rapidly adopted a Graeco-Syrian life of luxury. The losers, the Hashemites, continued to press their claim, gaining the support of those in the God-fearing and puritan Arab armies who resented the extravagance and nepotism which characterised Umayyid rule.

These people became known as the Shia, strictly speaking the Shia Ali, the "Party of Ali" (the Prophet's cousin and son-in-law, leader of the Hashemites). All organised the first rebellion against Umayyid rule. He was later murdered. In 680 AD his second son, Hussein, staged another rebellion, and was killed, in the most brutal and pathetic circumstances, at Kerbala in Iraq.

The martyrdoms served only to strengthen the association of the Shia

The Long View

Why the boss wore a tie on Monday

THE SALES director of a small Lancashire textile company bought a large line of shares the day before the bid for his company was announced. His purchase was discovered and he was dragged before the City authorities. "I knew nowt about 'bid,'" he explained. "But the boss wore a tie on Monday, so I knew summat was up."

A true story, and one which raises a difficult question: what is an insider dealer? The subject is of pressing interest in the US just now, for two reasons. The first is that after years of prosecuting insiders without any precise definition of the crime, the SEC provides a rather better model

After years of prosecuting insider dealers without a precise definition of the crime, the US authorities seek now to spell it out. Richard Lambert suggests that the UK provides a rather better model



while in possession of material non-public information concerning the issuer or its securities. If such person knows or recklessly disregards that such information has been obtained wrongfully or that such purchase or sale would constitute a wrongful use of such information.

So far so good. The trouble starts with the word "wrongfully." You mustn't deal on information gained through theft or bribery; slipping a few dollars to the chairman's secretary is definitely verboten but it is also deemed wrongful to trade in a way that would breach "any fiduciary, contractual, employment, personal or other relationship."

Who might such a relationship be with? The SEC lists a whole range of examples, and ends with a catch-all: anyone who the Commission decides has "a regular nexus to the

operation of the nation's securities markets." That phrase, a tribute to the brightest and the best in the Commission's legal department, means that if you call up a broker after a friendly chat with someone the SEC decides is in such a special position, you should prepare for the handcuffs.

The SEC's approach is on display in the Supreme Court case—a highly controversial affair involving a former columnist on the Wall Street Journal who admits to having passed on price-sensitive information about future articles. Everyone agrees that this was very bad form—but was it insider trading?

The case against him is that since company policy banned such unethical behaviour, he had been guilty of wrongfully taking and using information which belonged to his employer. He had a type of fiduciary relationship with the newspaper, which he had breached.

But these are deep waters, Dr Watson. Could he have committed a crime if the newspaper had not had a clear policy on conflicts of interest? And if his offence was against the company, would it be all right if the company itself were to profit from advance knowledge of articles?

The betting is that the SEC is going to have a tough time in pushing this one through the Supreme Court, which is why it is anxious to get a legal definition of the crime that would allow it to do more or less what it wants. A financial journalist, after all, might well be said to have a "regular nexus" to the workings of the markets. So might my mother-in-law, for all I know.

Attempts to define a crime in such a broad way are highly dubious. The UK law is much more straightforward. An insider must be knowingly con-

nected with the issuer of the securities, and be in possession of unpublished price-sensitive information about those securities—information which he knows is sensitive, and which would not be divulged except for legitimate corporate purposes.

A merchant bank advising on a takeover bid is so connected. An alert tea lady is not. There are other scenarios outside the criminal law to discourage abuse. Company directors and their agents—bankers, legal advisers and so on—have a basic duty to steer away from confidential information not to seek to make unauthorised profits from their fiduciary position. Financial journalists who bring their paper into disrepute get fired.

Complaints about the prosecution of insider dealers in the UK focus on the vigour with which the law is upheld more than on the law itself. The issue is whether enough resources are devoted to pulling wrongdoers, and whether offenders, once convicted, get their just deserts.

But the US does not provide a model for doing things better, despite the celebrated catches of big-name traders last winter. Over the long term, the SEC's record of clodhopping insiders is not great. And in the recent past there has been much concern about the case of Ivan Boesky—who was allowed to sell huge lines of stock before his disgrace was made public. In the spring, the Government withdrew charges against three prominent Wall Street figures, promising a fresh indictment. This has not yet been forthcoming, a delay which one of their lawyers argues is a "cynical and transparent evasion of a right to a speedy trial."

Oh, and that Lancashire sales director? They let him off—and quite right, too.

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FT 3

THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

MARKETS

When nerves show

IT WAS the banking lending figures that did it. After spending two weeks scouring the economic entrails for signs of looming economic woe, the London markets this week finally found something worthy of a spot of panic.

Thursday's announcement that sterling bank lending had risen by £4.9bn in July, the largest monthly increase on record and far ahead of worst predictions, sent the markets into one of the sharpest of their recent reversals. Within minutes of the news, the 33-point early morning rise in the FTSE 100 had been wiped out and dealing screens became a mass of red figures as the index fell with alarming speed to 40 points below opening levels.

The assumption was that the lending figures explained the decision by Nigel Lawson, the Chancellor, to engineer a 1 per cent rise in bank base rates earlier this month. And the immediate fear was that the figures — which intensified concern about a possible build-up of inflationary pressures — might be sufficient to provoke a further increase in borrowing costs.

However, closer inspection of the statistics and some soothing hints from the authorities produced a somewhat less hysterical response. The official line was that nothing in the figures changed the view of monetary conditions which the Government held at the time of the interest rate increase, and that the authorities were satisfied with rates at their present 10 per cent level.

Moreover, the figures were

far from complete and open to several interpretations, some of them more encouraging. For one thing, last month's surge does not seem to have been the product of a rapid rise in consumer credit, which some analysts fear could be stoking inflationary fires. Bank lending to the personal sector actually fell during July.

The main cause of the surge seems to have been a rise in lending to companies. Some of this might have been a technical run-down of foreign borrowings, to be replaced with sterling loans, but it could also point to healthy signs of increased capital investment.

London

Consideration of these factors helped the equities market regain a little of Thursday morning's lost ground, but the FTSE index nevertheless closed last night at 2205.8, compared with 2,285.4 a week ago and down nearly 10 per cent on its mid-July all-time high.

There seems precious little on the immediate horizon to encourage much of an advance, and plenty which could cause a further dip. Despite a bullish report this week from the National Institute of Economic and Social Research, suggesting that fears of economic overheating are exaggerated, the market remains very nervous about inflation — particularly the gilts market, where the yield on long dated stocks rose on Thursday through the psychologically

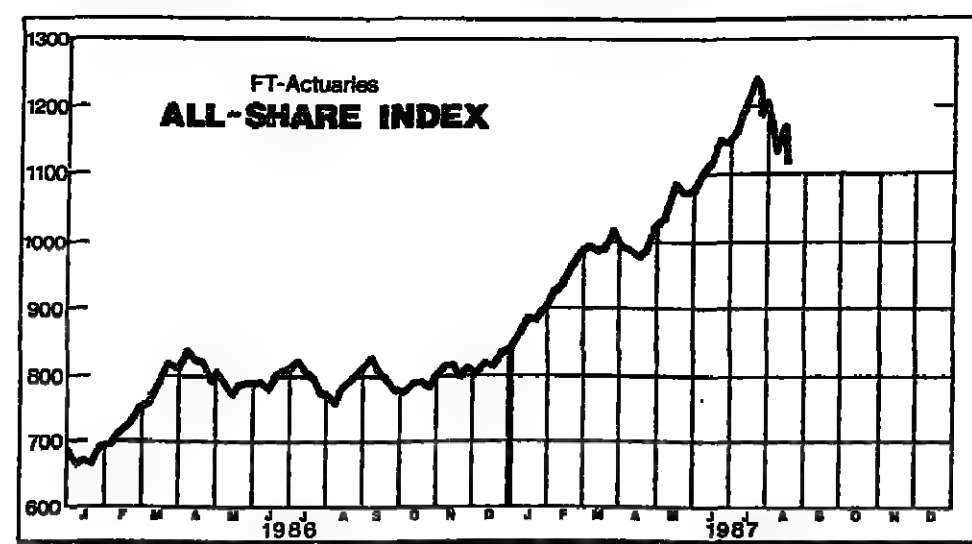
important 10 per cent barrier. That puts the yield gap between Government stock and equities at an extremely wide 7 per cent. And while interest rates are not set to go up now, a rise might be necessary before too long.

Nor have City nerves been soothed by persistent rumours around the market — although with no firm evidence to support them — that a major securities trader might be in financial difficulties.

According to one theory, the antidote to all this anxiety will be a sparkling set of results from corporate Britain in the autumn. But this week's figures have done little to lighten the gloom.

Jaguar's interim profits were down by nearly one-third to £45.7m, well below the expectations of analysts who also were disappointed by Unilever's second-quarter figures — despite a 26 per cent rise in earnings. Against that, however, W. H. Smith, the retailing group, came in at the upper end of expectations with a 30 per cent pre-tax profit increase to £63.8m for the year.

However, the biggest corporate surprise of the week came from Hill Samuel, the merchant bank, which announced on Wednesday that its merger talks with Union Bank of Switzerland had been called off. The news astonished the City, which had confidently been awaiting the precise terms of a takeover deal, and Hill Samuel's share price went into a nose-dive. What went wrong? UBS, which had spent weeks crawling all over Hill Samuel's opera-



former managing director of Hong Kong Land. If UBS had been a British or American institution, rather than an ultra-cautious Swiss one, it might well have bought the bank and then sold the parts it did not want. An instructive lesson in how to do this came at the start of the week when British and Commonwealth Holdings, the financial services conglomerate headed by John Ginn, reached agreement with rival bidder Quadrax Holdings on dismembering Mercantile House, the money-broker to fund management group. Quadrax, the glass manufacturer which fought off a bid from BTR earlier this year, expanded its oilfield interests with a \$361m offer for Visionaire, leading US lens manufacturer;

while Blue Arrow, the employment specialist, appeared to have clinched victory in its cheeky bid for Manpower, a much larger American operation. However, these takeovers further increase the already heavy demands for new equity being made on the London market, thanks to a spate of rights issues, placings and Government privatisation cash calls. And the biggest is yet to come: this week, British Petroleum gave first details of the marketing campaign to encourage millions of private investors to apply for shares in its £7.5bn offering this autumn.

"Be part of it," runs one of the slogans. But with the markets in their present state, the public could take some convincing.

Martin Dickson

Suddenly, the USM goes into reverse

A REVERSE takeover sounds rather like one of those complex moves in American football which ends up with everyone in a heap in the end. For shareholders, though, it means that the company in which they invest is transformed overnight, as happened to two USM groups this week.

The normal pattern of a reverse takeover is for a small company, quoted on the stock market, to buy a much larger privately-owned company. The small company pays in shares, so that the bigger company ends up with enough stock to control the enlarged group.

The reason the takeover is "reversed," instead of the private company buying the public company, is that a reverse deal allows the new group to keep the stock market quote. A reverse takeover can thus be a cheap way for a private company to join the stock market, since it avoids costly flotation.

Ecobric was never one of the most glamorous stocks on the USM — its interests in scrap metal processing and demolition earn it a prospective p/e of just under seven when it joined the market in 1982. Its subsequent record hardly encouraged a loyal following among investors: it reported a loss of \$362,000 in the 18 months to January 31 1984, followed by a further deficit of \$304,000 the following year.

In May 1985 Ecobric launched a rescue package: a sale of two rights issues and brought in Ronnie Aiken, a well-known "company doctor," as chairman. But the group's progress was not helped by its demolition arm's spectacular failure to blow up an east London block of flats — in front of the television cameras, at that.

A further rights issue was planned at the end of last year which would have enabled the group to move into mining. Although Michael Eaton, a spokesman for the National Coal Board during the miners' strike,

CHANGES IN FT INDICES

The following table shows the percentage change in the FT 30-share index and its constituents since last month's all-time peak. The FTSE 100 share index is also shown.

Company	Price	Change		Price	Change	Price	Change
		since	1987		since		
		July 16	High		July 16	High	
FT Ord Ind	1,727.2	-10.33	1,926.2	1,320.2			
ASDA-MFI	190	-12.85	228.4	143.1			
Allied-Lyons	408	-13.62	471	317			
BICC	366	-11.62	432	269			
BOC	520	-6.48	559	370			
BTR	323	-8.75	360	267			
Beecham	838	-8.55	908	437			
Blue Circle Ind	464	-17.44	579	335			
Bovis	301	-4.14	329.4	229			
Brit Gase	171	-14.50	200	106			
BP	363	-13.90	416	238			
Brit Telecom	283	-12.81	337	309			
Car Schwepes	260	-9.08	289	187			
Courtaulds	458	-12.26	528	304			
GKN	380	-5.47	404	272			
GEC	210	-11.39	261	184			
Glaxo	217.8	-4.41	231.8	110.4			
Grand Met	526	-11.62	608	438			
Guinness	344	-8.61	389	264			
Hanson Trust	188	-3.39	199.4	134			
Hawker Siddeley	658	-7.49	710	446			
ICI	214.4	-2.46	221.8	110.4			
Larsen	722	-8.42	798	465			
Marks & Spencer	333	-14.34	390.4	180			
NatWest Bank	712	-9.78	794	536			
P&O	649	-16.04	778	533			
Plessey	195	-14.47	228	176			
Royal Ind	496	-8.49	540	433			
Tate & Lyle	428	-9.90	472	260			
ThornEMI	664	-17.62	800	468			
Trusthouse Forte	280.4	-8.57	304.4	179			
FT-SE 100 Ind	2,205.8	-9.72	2,443.4	1,374.8			

was appointed as chief executive, the issue hit legal problems and had to be withdrawn.

Marler Estates, the property company famous for provoking the wrath of London's football supporters when it proposed the merger of Fulham and Queen's Park Rangers, moved in as rescuer in April, buying 64 per cent of Ecobric's equity as part of a £3m refinancing package.

Junior Markets

Now, Ecobric is buying Zurich Group, a privately-owned property and house-building company, in a deal worth around £50m. Ecobric will pay for the deal by issuing 70m shares, more than its existing equity, leaving Zurich as the majority shareholder and retaining the group's USM status.

Zurich is planning to retain Ecobric's existing interests, in fact some of its own — notably in plastics — and expand in the property field.

When Composit Holdings, a software house, joined the USM, hi-tech companies were all the rage and it was able to command a prospective p/e of over 25. But although its rating was higher than Ecobric's, its record proved scarcely more inspiring.

Pre-tax profits of £761,000 in the year to March 31 1985, were followed by a loss of £50,000 the following year and an interim loss of £145,000 this year. Ecobric was another hope for the people who bought into the company at the minimum tender price of 120p in 1984 and saw the shares sink to the suspension price of 88p.

A computer company with less cheerful news this week was Microvitec, the Bradford-based manufacturer of computer peripherals, which announced a 23 per cent drop in interim pre-tax profits.

Microvitec was another hi-tech company which joined the market on a fancy rating (35) three years ago; but profits fell by half in 1985 and despite hopes of recovery since and a spate of share buying by directors, glad confident morning has failed to appear.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at			Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
		27%	45%	60%				
CLEARING BANK*								
Deposit account	3.70	3.76	2.79	2.02	monthly	1	—	0-7
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	1,000-4,999	0
High interest cheque	6.30	6.49	4.75	3.45	monthly	1	5,000-9,999	0
High interest cheque	6.70	6.91	5.05	3.67	monthly	1	10,000-49,999	0
High interest cheque	7.00	7.23	5.27	3.84	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.94	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue	7.00	7.00	7.00	7.00	not applicable	3	25-1,000£	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.58	6.78	5.11	3.72	monthly	1	2,500 minimum	0
Provincial Trust	7.53	7.79	5.87	4.27	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS‡								
7.75pc Treasury 1985-89	9.45	7.38	5.99	4.84	half yearly	4	—	0
10pc Treasury 1990	10.58	7.85	6.04	4.53	half yearly	4	—	0
10.25pc Exchequer 1995	10.49	7.70	5.84	4.29	half yearly	4	—	0
3pc Treasury 1978-88	7.43	6.59	6.04	5.58	half yearly	4	—	0
2.5pc Exchequer 1990	7.62	6.88	6.39	5.98	half yearly	4	—	0
Index-linked 1990†	6.98	6.44	6.07	5.77	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Ladbroke has a £50m look

LADBROKE GROUP'S one-third/two-thirds weighting of profits towards the second half appears to be continuing and the leisure major's interests on Thursday are expected to produce just short of £50m pre-tax.

Since March's heavy £294m rights issue, the group's shares have suffered from speculation (perhaps inspired by competitors) over the future of the SIS race broadcasting system. However, Ladbroke's betting shop chain has been expanded by the addition of a further 100 outlets, about half of them in the north London area.

Hotel and holiday operations will have had their traditionally quieter first half but the property divisions' profits — Ladbroke's £500m portfolio is the 10th largest in the UK — are expected still to be growing at a 30 per cent-plus rate, with the group's US property development activities highlighted favourably by analysts recently.

Texas Homecare, the DIY chain, is looking to almost double its profit contribution to the group in its first full year as a member.

Interim results of Northern Engineering Industries, to be announced on Wednesday, will continue to be depressed by the £75m restructuring programme begun last year involving the loss of 7,500 jobs. About 1,500 plant-based jobs are to go this year.

Despite this, analysts are looking for an improvement, with interim pre-tax profits rising from £10.6m to something closer to £12m.

The precise figure is difficult to pin down because of uncertainties about the timing of the programme. The restructuring does appear to be moving forward according to plan, and the order book is looking strong, but in the heavy engineering field this will take

time to show up on the bottom line. Interim results, due on Tuesday from Alfred McAlpine, the construction, minerals and homes group, are expected to show pre-tax profits of around £7.5m, marginally up from £7m in last year's first half.

The depressed figure reflects the impact of weather conditions on the group's activities on the eastern seaboard of the US.

On the domestic front, good

Results due

progress is expected on the housebuilding side in light of the move into up-market property and greater concentration in the south of England.

In the minerals division, some improvement on the back of the strong demand for aggregates is predicted.

At Glynwed International, the fast-growing Midlands industrial group, analysts are predicting pre-tax profits of about £24m, compared with £19.3m, when it produces its interim figures on Wednesday.

The group's commitment to achieve an annual increase of 20 per cent in earnings growth should be achieved more than comfortably, although some analysts are predicting this figure will become increasingly difficult to maintain.

The company has not looked back since its South African divestments. It has strengthened its presence in the plastics market by acquiring Plastics Construction and the Italian-based Formatura Italiana Polimeri (FIP) earlier this summer.

Both acquisitions, plus extremely good asset management, have contributed to Glynwed's growth. It is not a company to take risks.

Company	Announcement date	Dividend (p) %	
		Last year Int.	This year Final Int.
FINAL DIVIDEND			
AGB Research	Wednesday	2.7	4.0
Douglas (Robert)	Wednesday	0.7	1.5
Scottish American	Tuesday	0.8	1.1
First Scottish American	Tuesday	4.0	6.0
Flora	Tuesday	1.3	2.1
Joe Holdings	Tuesday	1.2	1.8
Murray Investment Trust	Thursday	1.0	2.4
Scottish Investment Trust	Tuesday	1.8	3.8
Trent Holdings	Thursday	2.2	4.2
	Thursday	—	1.1
INTERIM DIVIDEND			
Alma Holdings	Thursday	2.2	5.7
Amec	Thursday	4.8	7.5
American Trust	Monday	1.1	2.1
Aurora	Thursday	0.5	1.2
Ayrshire Metal Products	Friday	0.6	—
Baker, Charles	Thursday	1.0	2.0
Barr and Wallace Arnold	Thursday	2.0	6.0
Brims T. F. and J. H.	Wednesday	1.5	3.0
British Assets Trust	Thursday	0.5	0.8
Cambridge Electronics	Monday	2.5	5.8
Catalyst Comm.	Thursday	—	—
Church and Co.	Monday	2.5	7.0
Dawthill, J. J.	Monday	0.2	0.6
Edinburgh Fund Management	Monday	2.5	5.5
Edinburgh Oil and Gas	Thursday	0.7	1.5
Evans Halgham	Thursday	0.7	1.5
Ex-Lands	Wednesday	—	0.7
Fisher, James	Thursday	1.8	0.3
Glynwed International	Wednesday	3.6	6.8
Gold and Bess Metal	Wednesday	—	—
Hansgrove	Tuesday	1.0	2.1
Ladbroke Group	Tuesday	5.5	7.0
Lac Refrigeration	Thursday	4.0	8.5
Low and Bonst	Monday	1.7	3.6
Melwood, Mel	Monday	3.0	15.0
Merley	Thursday	1.4	2.7
McAlpine, Alfred	Tuesday	4.0	10.5
Murray International Trust	Tuesday	1.2	3.6
News International	Thursday	1.2	1.0
Northam Engineering	Wednesday	1.6	3.6
Palm Group	Wednesday	—	2.0
Pentland Industries	Tuesday	0.08	0.3
Phenom	Tuesday	0.2	0.3
Plasuram	Monday	1.0	2.8
President Entertainments	Wednesday	0.7	1.3
Refuge Group	Wednesday	5.0	10.7
Renascence Holdings	Wednesday	0.8	1.3
Scottish Eastern Investment Trust	Wednesday	2.4	6.6
Steel Burrit Jones	Wednesday	2.4	6.6
Walbrook Glass	Thursday	2.2	4.2
Wear Group	Friday	1.0	2.5

* Dividends are shown net of basic rate tax and are adjusted for any intervening scrip issues. † Figures for nine months. ‡ Quarterly figures.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price*	Price of bid bid	Value of bid bid**	Bidder
Prices in pence unless otherwise indicated					
Babcock Int'l	310*	287	285 1/2	414.87	F&I Electricals
Bipol	78	80	70	15.60	CI Group
Couacry New Twn	187 1/2	189	149	29.42	Pennant
Derland Sumpz	462 1/2	185	143	23.45	Carole King
Derland Sumpz	238 1/2	185	145	31.32	Carole King
Holden Hydropan	768 1/2	284	175	15.36	B&A
Kel Lloyd	163	164	118	73.71	Morgan Crucible
Lumax	710	640	485	73.20	Telfon
Jarvis (J/I)	750 1/2	790	775	78.00	Brookville Soc
Kel (John)	129	116	105	14.40	Evered
Kleen-Ze	630 1/2	282	214	16.32	Rightward
Laidlaw	280	280	214	24.06	Geece Durrant
Levante	150	142	140	9.75	Priest (Benjamin)
Morins Dev'l	125 1/2	515	132	3.32	(Catharine)
Mayfair City Pps	235	215	253 1/2	25.10	Wain
Mercantile House	603	542	420	568.80	Birk & Comwall
Miles	207	190	192	32.13	Blacka Levis
Mitchell Cottg	82	82 1/2	71	79.06	Suter
Mollins	300	305	245	87.94	Taser Family M&B
Ocupatoy	441	423	430	535.00	Reed Ltd
Plastic Constructz	131	138	125	13.75	Glyved Int'l
Realtime	2795	2795	224	20.83	Yule Catto
Riley Leisure	984	95	75	15.19	Memorand Letzsee
Robson Group	284 1/2	333	345 1/2	35.69	Memorand Letzsee
Ryman Group	150	150	125	13.21	Pedras
Sainsbury (G. B.)	180 1/2	555	480	6.15	Delta Group
Sims Catering	168 1/2	323	145	7.09	Ntr M. Sandell
Somart Writings	561 1/2	564	500	247.74	Wills
Sockley	135	135	115	21.00	Wills
Stam Int'l	135	105	154 1/2	37.84	F&I Electricals
Southert & Pitt	219 1/2	204	117	21.00	Nollis
Tech for Business	1734 1/2	274	149	7.09	Coms Lease Pln

MARKETS

A stumble, not a fall

THE US stock market was riding for a fall last week. Every body said so. But the fall, when it happened on Tuesday, was little more than a stumble.

The Dow Jones Industrial Average, the collection of large capitalisation stocks where all the action is, dropped 45.82 points on Tuesday, its largest correction since May 15. But the Dow picked itself up and the end of trading on Wednesday was very pleased that it had broken no bones. By Thursday it was in full career again, hurtling through the 2,700 level to close at a record 2,706, up 40.57 points. The banking market, for fixed interest and foreign exchange were left floundering.

The progress of the US stock market has become a little eerie. It is not simply the absolute rise in prices, although this is uneasy enough since January 2, the Dow has pushed through eight century barriers with ever-increasing force. What traders find weird is the Dow's vigour when the two other markets are providing no life support. In the course of the week, bond prices fell more than two points at the long end while the dollar fell about 77 from Friday to Friday in a delayed response to bad balance-of-trade figures. But the stock market overcame these problems. It is as if stock buyers have given up worrying about the interest rate of the funds they use to buy equities, or about the currency in which the stocks are denominated.

For the best part of the present bull market in stocks,

or from the middle of 1983 until the end of last year, the equity and bond markets were moving together. If anything, bonds provided a slightly better total return. At the beginning of this year, though, the two markets diverged dramatically. Stocks have risen more than 40 per cent while domestic investors in bonds have suffered a capital loss.

The result is new territory for those who value stocks, according to William Helman

Wall Street

of Smith Barney. Historically, the equity market was considered riskier than the fixed-interest market. Stocks were valued so as to offer a higher total return than that available from good-quality long-term bonds. This extra return was called the risk premium.

The Standard & Poor's 500, a wider measure than the Dow 30, has risen so much that its average dividend yield has fallen to a mere 2.6 per cent. Helman adjusts that to 3 per cent because prospective dividends will be higher, and adds 1.5 per cent for the rate that inflation-adjusted dividends will probably grow. That leaves a potential real total return on stocks of 4.5 per cent.

If future inflation is going to average 4.5 per cent, which is the market's consensus estimate, then the nominal total return on stocks is 9 per cent. This coincidentally, is the ap-

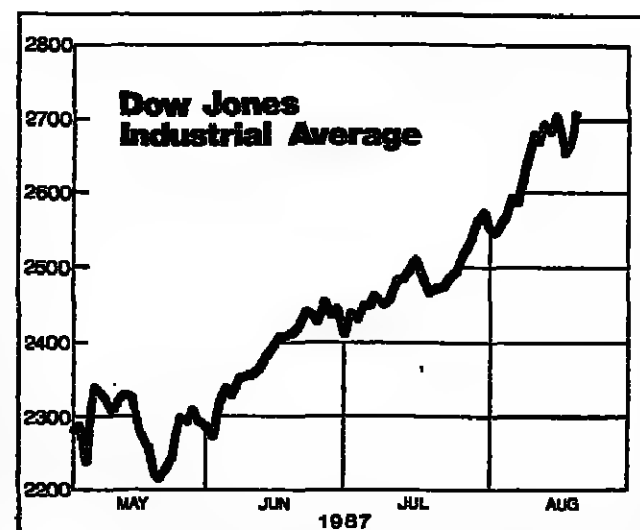
proximate yield on 30-year treasury bonds, which means that the risk premium is nil. The markets have decided, at least for the moment, that stocks are no riskier than bonds.

With the dollar, the picture is even stranger. Admittedly, on Tuesday even the stock market lost its nerve. In the course of the day, the dollar shed more than three yen of value when foreign exchange dealers decided that the US trade deficit was getting no better. But while the fixed interest markets had not regained their poise by the weekend, stocks were holding up, even amid Friday's new bout of dollar weakness.

The only explanation is a rather feeble one: that foreign investors have decided that US stocks offer a better hedge against dollar weakness than US bonds. It does appear that any extra foreign investment is going into US stocks rather than bonds.

To compound everything, the stock market had one piece of quite bad news last week, this time from the banks. The market recognised long ago that it would have to pay the bill for the banks' Third World lending policies. That is why the stock prices of money-center banks have been so low relative to their earnings.

Last Tuesday, though, Citicorp handed in its bill—and it was large, even by New York standards. The largest US banking group, which was the first publicly to recognise (in May)



that many of its Third World loans were worthless, announced that it wants to raise more than \$1bn in new capital to plug the holes left in its balance sheet by these disappearing assets. Several other banks, which are not much better capitalised than Citicorp, are bound to try to follow suit.

The prospect of a flood of a new shares diluting available bank earnings should be dreary enough to stop the most enthusiastic bull. The stock market only marked Citicorp down \$2 to \$684 on Wednesday. Manufacturers Hanover fell \$7 to \$444 and even the mighty J. P. Morgan, not usually considered to be in need of capital, fell \$1 to \$569. But by Friday, Citicorp had recaptured half its loss while J. P. Morgan was racing ahead at over \$51.

One reason the market is advancing is that there are sceptics everywhere. In the month ended on Friday, short interest on the New York Stock Exchange rose 15 per cent to a record. On the Ames, the rise was 4.5 per cent.

This means that a lot of people think the Dow is too high and have sold stock they do not own, hoping to buy it for a lower price later on, creating a profit. High short interest is often regarded as a bull point, because it is a pool of buying power that might eventually send the market higher.

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Wednesday 2885.23 +11.16
Thursday 2706.79 +40.57
Friday

James Buchan

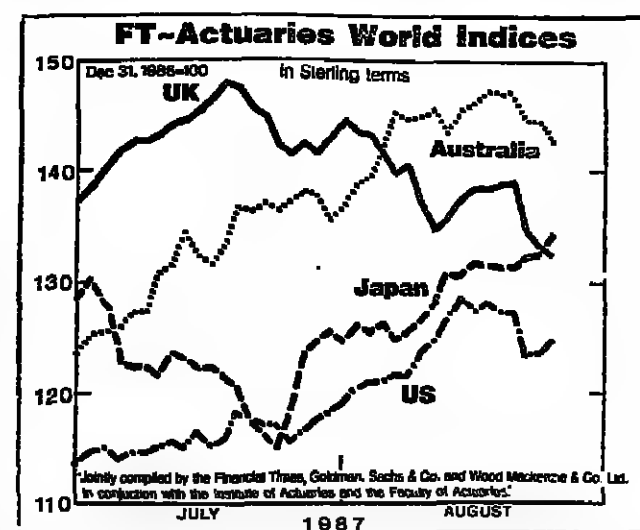
Big money goes on the prowl for returns

FOR INTERNATIONAL investors the world has become an extremely complicated place over the past couple of months, with enormous differences between success and failure. To take the two extremes, the Mexican market has risen by around a quarter since the beginning of July, whereas Italy is down by a tenth.

Among the major markets, Japan remains in a state of convalescence following its setback late in June and the UK has been looking very gloomy. But the US market has gone from strength to strength, showing gains of around a tenth since July 1.

As well as national markets, particular groups of shares have also been moving in different directions. Those in commercial banks around the world were noticeably weak during the month of July. But the total return (capital gains plus dividends) on an international portfolio of precious metals and mining stocks in the month was nearly 25 per cent; and markets like Australia, Canada and Norway have been rising strongly with the help of gains in the natural resources sector.

The best picture of these worldwide trends is to be found in the daily table of FT-Actuaries World Indices. This is based on the share prices of some 2,400 companies, all of which are available to inter-



national investors, and the indices are calculated in the same way as the long established FT-Actuaries Indices of the UK market.

They started off at the beginning of this year with a base value of 100, so the winners and losers so far in 1987 are very obvious.

The most extraordinary performance is that of Mexico, where the index in sterling terms has risen not far short of three-fold this year. This seems to reflect an enormous surplus of liquidity in the domestic capital markets, which are now being hit with a whole series of new issues, while investment surging to an annual rate of more than 130 per cent in July, this is about as risky and speculative a bubble as you can get.

Concern about inflation is obviously growing around the world. That has certainly been the story in the UK in the past few weeks, and it explains why shares in companies like Amalgamated and Phelps Dodge in the US, Falconbridge in Canada and Western Mining in Australia have been shooting ahead.

Bond markets also have responded to inflation worries. In the US, the yield on the long bond has climbed from around 7.5 per cent to near 9 per cent; yields on 10-year treasury issues in West Germany are up by about a point from around 5.5 per cent, while government bond yields in France and the UK are pushing up to and beyond 10 per cent. Long term rates in Japan also are sharply up.

Although equity investors have pulled back from certain markets, however, the picture across the world as a whole remains strong, with the FT-Actuaries World Indices up by roughly 5 per cent since early July. There are signs that investors are shifting funds in a big way from country to country in the search for attractive returns.

Take Japan, for instance.

Even the locals now seem a touch uneasy about average p/e ratios of around 70 and dividend yields of about 0.5 per cent. But instead of sticking their money under the bed, the Japanese are buying foreign equities at an enormous rate.

Trading on the foreign section of the Tokyo Stock Exchange in July jumped by more than 50 per cent from June's record

The World

level, and purchases of foreign shares for the year as a whole could easily reach three times last year's total.

In West Germany, meanwhile, the market has rallied strongly in recent weeks, with foreign buyers to the fore. This is not because the economic prospects suddenly look a lot brighter. The explanation seems to be simply that, after a period of underperformance, international investors decided the market looked quite attractive relative to everywhere else.

Among the smaller markets, Norway also is attracting substantial interest from foreign buyers and the index has jumped by more than a fifth since the beginning of July. The appeal lies in the firmness of the oil price, the relative strength of the Norwegian krone, and some rather good economic news.

However, the risk in these minor markets is that once fashions change, foreigners can get crushed in the rush to the exit. For most private investors, the international market which matters most is still the US. The bull market there is five years old and going strong, and its progress in the coming months will have a major impact on the overall performance of the World Index.

Richard Lambert

Nickel makes a steady comeback

NICKEL prices have been enjoying a particularly good year so far on the back of a sustained strength in the stainless steel market which has surprised many market operators.

The metal still has a long way to go before it reaches the March 1988 peak of \$4,860 a tonne cash on the London Metal Exchange. But since starting 1987 at a four-year low of just over \$2,800 a tonne, it has climbed fairly steadily to its highest for two years at just over \$3,400 a tonne 10 days ago.

Analysts believe that underlying fundamental factors could push the price still higher, despite setbacks earlier this week which put down its currency factors. For better or worse, the fortunes of nickel are tied to those of the steel industry, which has seen unexpectedly good demand recently, particularly from the automobile and building industries in the US and Japan.

Indeed, at the beginning of

the year many people were expecting a reduction in stainless steel output in Japan. Now, though, the industry appears to be heading for a record year.

A world shortage of scrap has brought an additional bonus for nickel producers. In making stainless steel, either nickel or scrap can be used in the furnaces. Last year, they were consuming 60 per cent scrap and 40 per cent nickel but this year has seen the amount of scrap used fall to below 50 per cent.

Neil Buxton, an analyst with Shearson Lehman, believes the shortage of scrap looks like continuing for two reasons. First, stainless steel producers are becoming more efficient and are producing less waste material for recycling. Second, the number of old industrial

plants being scrapped—another major source—has fallen.

"There is a fundamental tightness in the supply of scrap which does not look like being eased," says Buxton.

According to Shearson

Resources

Lehman's Mid-year Review of the Metal Markets, these factors should help consumption of new nickel to improve by about 30,000 tonnes this year to 875,000 tonnes. At the same time, production is forecast to rise only modestly from 808,000 tonnes to 814,000 tonnes.

Stocks of nickel in LME warehouses stood at 4,600 tonnes last week, compared with more than 7,000 tonnes at the

beginning of the year, and producers' stocks are also low.

At this time of the year, producers are in no position to boost stocks in the short term. Falconbridge is in the middle of its annual summer shutdown and Inco is only just beginning to work up production after a similar closure.

In addition, Outokumpu of Finland is cutting output while its plant undergoes maintenance work, as is Societe Le Nickel at its New Caledonia plant. In Japan, Nippon Mining is withdrawing from production completely.

On top of all this, the Soviet Union has been selling less nickel to the West than last year when its exports helped to push prices down to four-year lows. According to Robin Eber, nickel analyst with Rudolf Wolf, the LME trader, the

Soviets have begun to realise that they cannot swap the market if they want to get reasonable prices.

Last year, Soviet exports to the West were running at about 5,000 tonnes a month. So far this year they have averaged about 3,000 tonnes, although Shearson says Soviet exports are always stronger in the fourth quarter of the year.

Supplies from socialist countries are likely to pick up again next year, however, according to the Shearson Lehman review. The Chinese look set to double their exports to 5,000 tonnes this year, but the review says this will not have a significant impact on the market.

The real impact next year is likely to come from the long-awaited Cuban nickel industry, potentially one of the

largest in the world. The country is building two 30,000-tonne-a-year smelters, but technical problems have dogged the projects so far.

Shearson believes that once the problems are solved, Cuban shipments will return the level of socialist exports to the West to 50,000 tonnes against the estimated 40,000 tonnes for this year.

Meanwhile, dealers will be keeping a keen eye on the labour negotiations at Inco's Manitoba facilities in Canada next month. High prices for nickel could strengthen unions' bargaining position, and any industrial action will worsen the already tight supply situation.

"It will be a brave person who goes short of nickel with the Inco negotiations coming up in a tight market," says Buxton.

David Blackwell

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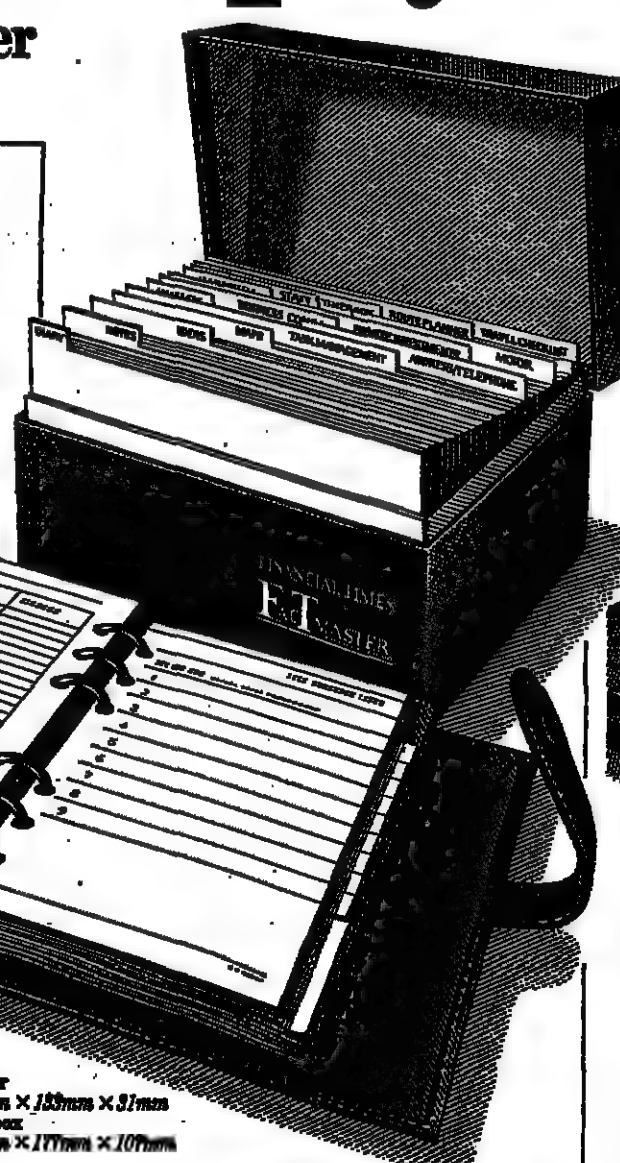
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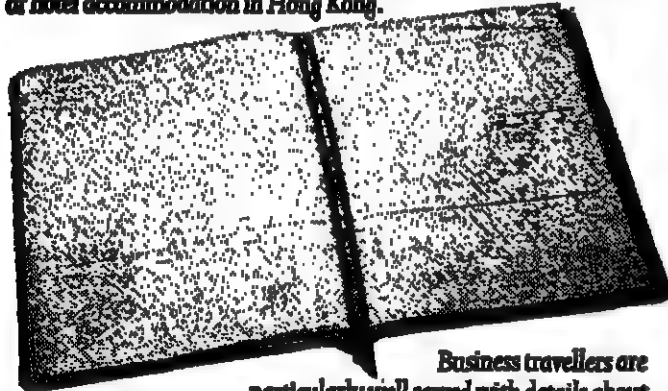
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John Suffolk
Diary Director

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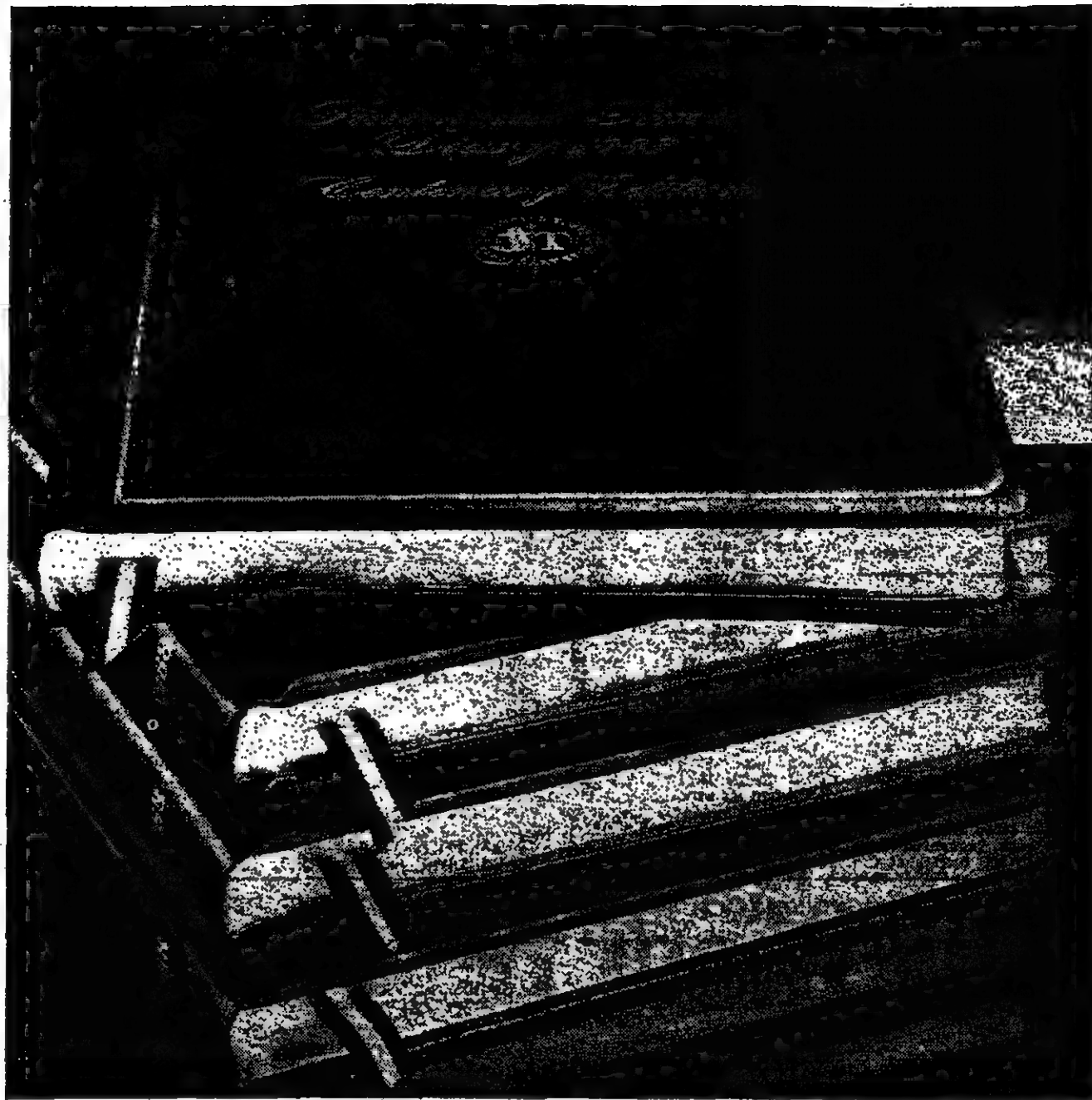
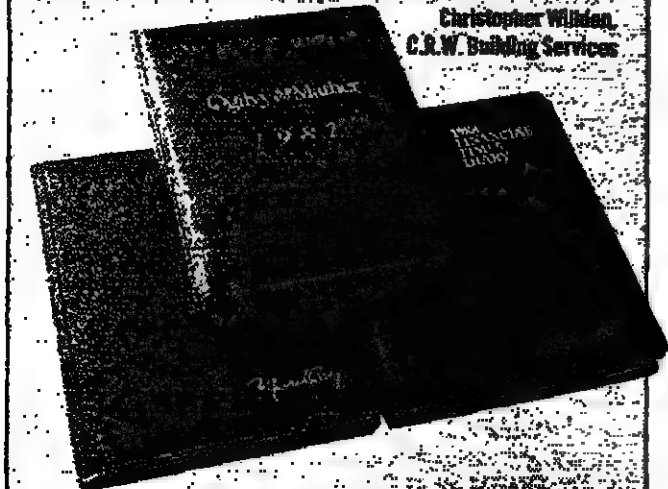
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"We place great importance on the gifts we send our clients. We find that the FT Diaries make the right impression - in fact, something of the Financial Times prestige seems to rub off on us. I find the customisation service particularly worthwhile. It's the personal touch that makes an important difference."

Christopher Wilkin,
C.R.W. Building Services



1988 Financial Times Diaries

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DP	FT Pink Desk Diary, black bonded leather, page-a-day		£24.96	£18.22	£17.82	£17.03	£16.44
DC	Desk Diary, black leathercloth		£19.99	£14.17	£13.86	£13.25	£12.79
PL	Pocket Diary, black leather		£10.98	£ 8.38	£ 8.19	£ 7.83	£ 7.56
PP	FT Pink Pocket Diary, black bonded leather, pink pages		£10.98	£ 8.05	£ 7.88	£ 7.53	£ 7.27
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Please enclose sample or rough design with required text.

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£103.50	£41.77	£40.86	£39.05	£37.69	£34.05
£54.74	£26.64	£26.06	£24.90	£24.03	£21.72
£35.82	£18.22	£17.82	£17.03	£16.44	£14.85
£24.96	£14.17	£13.86	£13.25	£12.79	£11.55
£19.99	£ 8.38	£ 8.19	£ 7.83	£ 7.56	£ 6.83
£10.98	£ 8.05	£ 7.88	£ 7.53	£ 7.27	£ 6.57
£10.41	£ 7.92	£ 7.74	£ 7.40	£ 7.14	£ 6.45
£ 9.71	£ 7.36	£ 7.20	£ 6.88	£ 6.60	
£22.37	£17.48	£17.10	£16.34	£15.77	£14.25
£20.64	£16.10	£15.75	£15.05	£14.53	£13.13
£20.64	£16.10	£15.75	£15.05	£14.53	£13.13

The discounted prices shown above exclude postage, packing and VAT. We will calculate the most economical way of despatching your diaries and add this charge (plus VAT, where applicable) to your invoice. Our payment terms are net 30 days.

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We will be delighted to include your greetings cards or complimentary slips free of charge. Tick box if required and enclose them with your despatch list.

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FT Factfinder - A specially developed portable personal organisation/time management system.

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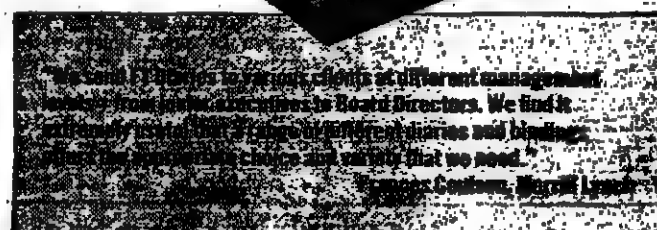
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A range of different diaries and bindings offers the appropriate choice...

The Desk Diary is available in Rich Black Leather, Burgundy Bonded Leather or Black Leathercloth. The contents remain identical. You can choose according to individual taste and budget, confident that each will be a magnificent example of the bookbinder's craft. Amongst the many features that set the FT Desk Diary apart are the top quality bindings, distinctive round corners, lustreous gilt edged cartridge paper and attractive marker ribbon.

The Centenary Set

This exclusive set in immaculate rich brown hide includes matching pocket diary, commemorative paperweight and a short history of the FT. It comes in a superb presentation box.



The Financial Times Pocket Diary

Comprehensive information about the UK and 26 international business centres - everything from lists of hotels, restaurants, theatres, conference centres and airport details. New is the listing of the UK Stock Exchange account days.

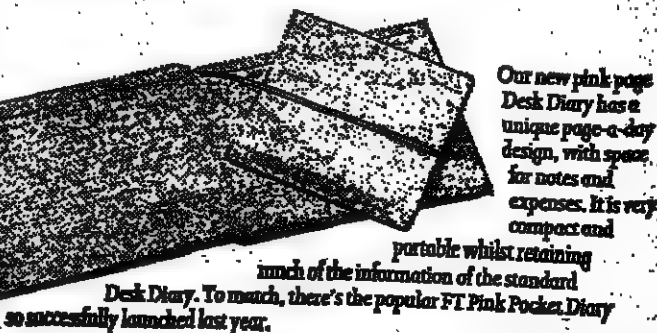
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NEW FOR 1988

The Financial Times Pink Desk Diary and Pocket Diary



Our new pink page Desk Diary has a unique page-a-day design, with space for notes and expenses. It is very compact and portable whilst retaining much of the information of the standard Desk Diary. To match, there's the popular FT Pink Pocket Diary so successfully launched last year.

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Here today, here tomorrow.

It takes a special kind of bank to be a power in both corporate trust and Eurosecurities.

It takes Bankers Trust.



Bankers Trust was selected as exchange agent for the \$2.6 billion acquisition of Storer Communications by its management and SCI Holdings, Inc.—a corporation organized by Kohlberg, Kravis, Roberts & Co. In 1986, our specialized reorganization processing team handled acquisitions totaling over \$20 billion, including three of the five largest.



You might expect a bank with "Trust" in its name to be a powerful force in corporate trust and agency services.

So it should come as no surprise that more than 2,000 corporate and governmental entities worldwide depend on Bankers Trust to service over \$150 billion in securities. (We exercise fiduciary responsibility for over \$80 billion in debt securities alone.)

But for the same bank to be a major force in the Euromarkets—that might seem surprising. Yet last year, Bankers Trust lead-managed 20 Eurosecurity offerings totaling \$2.5 billion. And was one of the most active participants in the secondary market, where we are a market-maker in over 600 different Eurosecurities.

Such dual leadership is the result of Bankers Trust's remarkable brand of banking: merchant banking.

Merchant banking blends two distinct aspects of banking. One is the lending capabilities and breadth of non-credit services of a commercial bank. Among these are our trust and agency services.

The other half of merchant banking involves the intermediary skills and entrepreneurial spirit of an investment bank. From this half springs our strength in the Euromarkets.

It's this combination of investment and commercial banking services that has made Bankers Trust the choice of so many private and public sector entities. For more often than not these days, what once were purely commercial banking functions now require a considerable degree of investment banking know-how. And vice versa.

The combination has given Bankers Trust leadership in many areas. Among them:

Trading. From our regional trading rooms in New York, London and the Far East, we execute over \$20 billion in money, securities, and currency transactions daily. Bankers Trust is today one of the five largest primary United States government securities dealers and one of the acknowledged leaders in foreign currency trading.

Loan syndication. Bankers Trust plays a major role in the global syndicated loan and Euronote market. We are sixth among the top 50 lead managers worldwide, and are ranked fifth by leading participants in the world's capital markets in terms of innovative instruments and pricing.

Swaps. Bankers Trust is a universally acknowledged market leader in the intricate world of currency and interest rate swaps. Our team of specialists in New York, London, Tokyo, Hong Kong and Toronto completes an average of five deals every day.

Securities services. Bankers Trust's securities services capabilities go far beyond our leadership in worldwide custody and clearance. We also offer programs like Institutional Brokerage, Securities Lending and Dividend Plus to maximize the earning power of the securities we service.

In almost every area, Bankers Trust's merchant banking skills can serve you, and serve you well. Indeed, many clients now turn to us for virtually all of their banking needs.

Merchant banking. If you're not yet taking advantage of it, you should. With the special kind of bank that can best put it to work for you: Bankers Trust.

When Bankers Trust brought a \$350 million Eurobond issue to market for the European Economic Community, it was the largest bond and swap issue ever, and one of many arranged by Bankers Trust.



Bankers Trust Company

Dashwood House, 69 Old Broad Street, London Kishimoto Building, 2-1 Marunouchi, Tokyo

Merchant banking, worldwide.

FINANCE & THE FAMILY

Advisers in two camps

IF YOU went to your bank or building society to ask for advice about an endowment mortgage, a pension, or unit trusts, would you mind if the manager tried to sell you one of his own group products? Or would you expect him to give independent advice on the whole range of products available on the market?

These questions have been brought to a head by the fact that from next year, Abbey National and all the big clearing banks (with the possible exception of National Westminster) will be selling only one range of products through their branches. But most building societies will be giving independent advice.

This division has been forced by the Securities and Investments Board (SIB), the new financial services watchdog which is requiring all financial institutions to choose between giving independent advice and selling only their own products. What they will not be able to do is give independent advice and at the same time sell their own products through the same branches.

SIB has done this because it wants to protect the consumer. It argues that if banks were able to give advice and sell their own products, there would be doubt about the independence of that advice. Consumers could be duped by banks and societies masquerading as independent advisers while in fact pushing their own products.

The alternative argument, however, is that by artificially forcing financial institutions to choose one or the other, SIB has ended up by reducing the amount of choice available to consumers.

Given that the industry is dividing itself into two camps—the banks and Abbey National in one, and the other societies in the other—which should you, as a consumer, patronise?

It might seem obvious to go to those institutions offering independent advice and the full range of products. It is clear that societies taking the independent route will make great play of this in their marketing next year. And many large life companies without their own sales force will be running a high-profile advertising campaign stressing the virtue of taking independent advice.

But independent advice on its own is not good enough. It is vital that such advice be of sufficiently high quality. The suitability of the advice being given by each institution will depend on the complexity of your needs and the product you are looking to buy.

With endowment mortgages, for example, you will almost certainly be better off getting independent advice; there is no reason to suppose that those banks with in-house life companies are offering the best products available in the market. Midland and Royal Bank of Scotland, which do not have their own life companies, are at the moment planning to introduce clients who want life policies to their in-house insurance brokers. These will give independent advice but, because of SIB's strictures, they will not be able to operate through the bank branches.

With Abbey National, the situation is slightly different. As building societies are not allowed to underwrite insurance policies, Abbey has decided to sell only the products of Friends Provident, the large mutual life company.

At the moment, Friends is one of the top-performing life companies. But, as Jim Birrell, operations director at Halifax, Abbey's greatest rival, says: "It is unlikely that a single company will consistently have the best product over a period of years."

The approach of Halifax and, increasingly, other societies, is to display a range of endowment quotes on electronic view-data screens in its branches. And because endowment mortgages are fairly simple products, everybody selling mortgages is capable of giving advice.

"Customers like view-data," says Birrell. "It is a marketing advantage to be able to display a series of quotes. Customers see there is real choice."

The problem is that giving advice on products other than endowment mortgages is not so simple. Pensions, for example, which are expected to become big business next year, are notoriously complex, and picking the most suitable unit trust for a client can be hazardous.

The difficulty about training branch staff to give sophisticated advice of this kind is at



Peter Birch: chief executive, Abbey National

least part of the justification given by those institutions which have chosen to limit the range of products they offer.

Abbey's manager for business development, Richard Baglin, says it will be easier to train staff to sell one range of products than to give advice on the whole market. Even Halifax's Jim Birrell admits that training staff to sell pensions will not be easy. "We won't do anything unless we are satisfied that we are well prepared."

So there is a partial justification for offering only one range of products. You may not get the most suitable product on the market, but at least you will be safe. As Allan Kirdley, national sales director for Black Horse Life and Lloyds Unit Trust Managers, said in explaining his bank's decision to sell only Lloyds products through its branches, many Lloyds customers want the security of buying a Lloyds product.

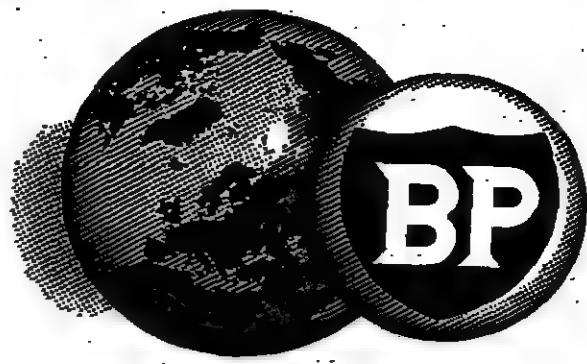
Even so, this is only a second-best solution. Your best bet will be to go to an expert for advice.

The banks and Abbey realise this. They are planning to steer any of their clients who need specialist advice towards independent brokers within their groups. The upshot of SIB's rules, however, is that these specialists will not be able to come and meet you at the branch in the future. You will have to meet at a separate location to ensure that the advice being given really is independent.

Hugo Dixon

Richard Tomkins previews the Government's sale of BP shares

Razzmatazz will outshine Sid's



THE £7.5BN sale of the Government's remaining stake in British Petroleum is set to match the privatisation of British Gas for sheer razzmatazz.

The advertising campaign for what will be Britain's biggest-ever share offering will be on a scale the like of which has not been seen since Sid, the imaginary British Gas investor, stalked the nation's poster boards, television screens and newspaper pages last November.

It is easy to see why. Not only is this a huge issue, clearing over the £5.6bn British Gas flotation: it is also an offer of shares in a company already quoted on the stock market, so millions of people have to be persuaded that it is suddenly a good idea to buy shares in a company which they may have cheerfully ignored for the past 10 years.

So the Government and its advisers have come up with an elaborate marketing strategy, aimed at creating maximum public interest in the issue and encouraging the belief that it is "one to go for," like all the other recent privatisations.

Of the £7.5bn worth of shares to be offered, about 55m worth

will constitute the sale of the Government's remaining 31.5 per cent stake in BP. The other £1.5bn worth will be new shares issued by the company to raise funds for its development. The prospectus will come out in mid-October, and the offer will close towards the end of that month.

Small investors will not be the only targets of the share offering. UK institutions will also be heavily involved; and well over 20 per cent of the shares will be offered overseas. But the overseas allocation will be reduced if UK demand is heavy, and the Government has made it clear that this is very much an issue aimed at widening and deepening share ownership among small UK investors.

The highest incentive for the private investor will be the discount to the market price at which the shares will be offered. The structure of the offer has not yet been divulged, but it seems likely that it will be a discount of 10 per cent, an appreciable discount for small investors, less generous arrangements for the institutions.

Whatever the size of the small investors' discount, however, it is unlikely to be as

large as the premium to which other recent privatisation issues have gone. The Government is therefore investing heavily in a marketing operation to stimulate interest in the issue and is also lining up other incentives to encourage people to apply.

The advertising campaign was launched in newspapers yesterday and begins on television today. It is unquestionably aimed at the unsophisticated investor, with slogans such as "Now for the big one" and "Be part of it." It invites

people to register with the BP share information office and will run in different forms throughout the next two months.

In addition, some nine million people on the share registers of other companies will receive a direct mailshot telling them about the share issue, and all BP's 2,000 service stations will be handing out information packs. The idea is that no one in Britain will be unaware that the share offer is on the way.

On the other hand, front people are being encouraged to

register with the share information office by an ingenious arrangement which promises preferential treatment in the allocation to those who register by a certain date. This will not only motivate people to take an interest in the issue, but will also help N. M. Rothschild, the merchant bank advising the Government on the launch, to gauge the likely response in advance.

Payment for the shares will be made in three instalments, so entry costs will be low and the effective premium and dividend yield on the partly-paid stock will be enhanced.

Other incentives, too, are under consideration. There will be cut-price dealing commissions as in the British Gas issue—and possibly perks such as cut-price petrol coupons.

But the Government may need all these incentives, and more, if the issue is to be seen away safely. The recent falls in the London stock market have had a sobering influence on the attitudes of small investors. They may not be keen to participate in further privatisation issues if the value of their existing shares has been heading firmly downwards.

Choices set out clearly

Eric Short reads a book which helps to explain how the new pensions work



IF YOU were looking forward to seeing a top Government minister in your local Civic Hall explaining the virtues of the new pensions changes and the wonderful new opportunities available then you will be disappointed.

John Moore, the Social Services Secretary, has decided there is little political mileage in stomping round the country

explaining the new world designed by his predecessor Norman Fowler.

The Department of Health and Social Security this week released a book written by Norman Fowler's grandiose plans for a countrywide road show explaining the 1986 Social Security Act.

However, this does not mean that the Government does not care whether you understand the situation. After all, it has a strong vested interest in making sure new pensions provisions work.

The public is not likely to be left in ignorance about the new situation. The life companies, together with the intermediaries, will see to that. Their information campaigns are likely to be far more informative than anything the DHSS would put forward—if some of the commercial

The Government has taken the more sensible course of backing up these campaigns. Although it has not yet said what support it will offer previous efforts in publicising changes in social security have taken the form of tombstone advertisements in newspapers and magazines.

Now, if employees who will have to decide how to use their new freedom of choice in pension arrangements to ensure an adequate retirement income.

Doing nothing will mean that you will be in the State Earnings-Related Pension Scheme (Serps) by default. For any man under the age of 50 (45 for women) that would be the worst decision.

We will be setting out the choices available and the factors that need to be taken into account. However, for employees who want to start their deliberations early, the first book on the subject aimed at informing the individual, rather than the intermediary, is published this week.

Your New Pensions Choices, is written by an accountant, John Wilson, and a pensions actuary, Bryn Davies.

The language and style is easy for the layman to follow, as far as the pension legislation will allow. It has been said more than once that it is the legislators, rather than the actuaries, who have

made pensions complicated. The first part of the book explains the new situation in detail that have to be established before one can get down to the nitty gritty.

The second part sets out clearly the choices facing an employee, questions to ask employers when they are doing about the new situation, and questions to ask salesmen trying to sell personal pensions.

Employees are going to ask one question: "What is likely to give me the best deal?" The authors endeavour to set out the choices available in the different pension schemes. The diagrams are complicated to follow and a far more meaningful presentation could be made using computer graphics.

The book was produced before final details of the schemes are settled and certainly before the life companies have unveiled their personal pension plans. And the authors have overlooked the impact of the financial services legislation on the new pensions world.

A second edition is in preparation. I am tempted to recommend that individuals wait until this is published. The authors are trying to cover all aspects of the new situation, including the new Free Standing Additional Voluntary Contributions available from October. But with hindsight, they could have waited, since the Inland Revenue has virtually absorbed these provisions.

Finally, the authors should consider a more lively form of presentation, breaking up the words and diagrams with illustrations.

The book can be obtained from major bookshops, price £2.95 or direct from Tolley Publishing Company Ltd, 17, Scarbrook Rd, Croydon, Surrey CR0 1SQ (tel 01-886 9141).

Opportunity UK

LEGAL & General's new investment package, launched this week, has the message "we're backing Britain"—words that should cheer the politicians and trade unions.

The message could also have included "we're backing life bonds"—something to brighten the lives of intermediaries who still market bonds in the face of over-growing evidence and publicity that unit trusts are a better deal for investors.

However, on closer examination one might almost accuse L&G of misrepresentation under the Trades Description Act. Its new fund, unlike others launched this year by other life companies, is not backing British industry as such.

The British Opportunities fund will invest in UK companies that are in a potential take-over and merger situation, or in new share issues.

Still, investors should not cease to show interest in this stage. These special situations or opportunity funds—rare in life bonds but very common in unit trusts—have performed exceptionally well this year.

The fund is being launched to mark the 1987 anniversary

of Legal & General's Unit Assurance Company—one of the first established traditional life companies to go fully into the unit-linked field.

John Mand, L & G's unit assurance manager, uses the usual arguments to support bond investment—free switching and the ability to take a regular income from a capital growth-oriented fund.

Minimum investment is £1,000 but there are the now common extra allocations for higher investments before the end of the year on a sliding time scale—the earlier the investment, the higher the extra allocation.

Investors can use the fund on its own or split the investment with the Managed Fund in the Triple Benefit Bond.

Sun Life Unit Assurance showed earlier this year that bonds can be sold if the sale is linked to a special occasion. Its Anniversary bond pulled in £220m—a record for a bond launch. Legal & General is hoping to match this achievement.

E.S.

Loan rates vary



BAD NEWS for homeowners. The Mortgage Corporation, which previously had been offering one of the most competitive mortgage rates, has decided to put up its rate from 10.1 to 11.1 per cent, reflecting the full recent rise in the bank base rate.

The mighty Halifax Building Society also confirmed that it was leaving its mortgage rate for existing borrowers, which had been due to come down on September 1, unchanged at 11.25 per cent—the same rate now being charged to new borrowers.

But even worse is the possibility of a further rise in mortgage rates, if the stock market fears of another increase in interest rates following the poor money supply figures prove justified.

The Halifax said any further movement in base rates would affect the future cost of mortgages, but it was keen to avoid any further widening in the differential between base rate (currently 10 per cent) and its home loan rate (now 11.25).

Some building societies are known to be keen to widen the gap, and improve their hard-pressed profit margins, but the Halifax emphasises on narrowing the differential suggests it wants to remain competitive with other lenders such as the banks and other financial institutions who are stepping up their activities in the mortgage market.

Meanwhile the first building societies to increase their investment rates for savers, following the base rate increase, are coming forward.

Cheshire Building Society is offering 8.2 per cent per annum on deposits of over £25,000 and 8.50 above £10,000, with a 60 days' notice of withdrawal to avoid loss of interest.

For smaller savers, National and Provincial has put up its rates for 90 days notice and monthly income accounts. The rate on the 90 days notice account is up from 8.25 to 8.50 per cent, while the monthly income rate rose from 8 to 8.20 per cent.

"VERDICT OF the market."

That was the reason for the decision by National Savings last week to scrap income-linked bonds. Public demand for the bonds was not forthcoming; there were only 2,300

investors putting in some £25.5m—equivalent to about a week's business in National Savings income bonds.

The problem with income-linked bonds, which were introduced in November 1985, was that they offered protection only against the effect of inflation against income, not against the capital investment.

At the same time the basic interest rate offered at 8 per cent gross (only 5.6 per cent net) was uncompetitive, even though it was adjusted each year in accordance with inflation as measured by the Retail Price Index.

It was essentially devised as a 10 years' investment plan with an interest penalty if you withdrew in the first year. The minimum investment of £5,000, and three months' notice of withdrawal without loss of interest, meant that you had to be convinced that inflation would seriously undermine your income to be attracted to the bonds.

As it happens inflation has been at a fairly low level since 1983, and investors have evidently considered there are much better interest-paying opportunities elsewhere. So National Savings decided it was no longer worth offering something that was of little attraction in the highly competitive savings market.

FOR INDIVIDUALS, employees and other people interested in finding out more about the new pensions scene, Fear & Associates is launching an explanatory booklet and setting up a telephone inquiry hotline.

John Finan, general manager of Fear's UK Home Service, explains that this is not a gimmick for securing contact addresses. A company representative will call only if requested.

But, like most other life companies, Fear has tremendous potential in marketing personal pensions to employees not in a good company scheme. As a home service company, it has the contacts with such employees among its 2m customers—who tend to be outside the "A" and "B" social classes—and is also in contact with small employers who so far have not had any pension arrangements for employees.

If you want more information, phone (01) 430 1955.



The outlook for Britain is bright.

Baillie Gifford's new smaller companies trust could reap an exceptional harvest for you.

The new British Growth Unit Trust from Baillie Gifford gives you the chance to invest in Britain's future. There has seldom been a more attractive time to invest in the future growth of our economy. Because for the first time in years, Britain is on a firm financial footing. Inflation is under control. Our industries are leaner and more competitive.

Now that we can compete on equal terms with foreign companies, we look forward to a sustained period of rapid and dynamic growth. Foreign investors, particularly the Japanese, are looking more and more at Britain as a share investment.

Yet this more outlook doesn't yet appear to be reflected in the value of our Stock Market. In particular, in the wealth of small and medium-sized companies.

PICKING THE BEST OF THE CROP

Baillie Gifford recognises the investment potential of these dynamic companies. Research has shown that over a long period small companies have tended to be better

investments than large ones. This is partly because they are growing from a smaller base, and partly because management priorities are more closely linked to those of shareholders.

BG British Growth will combine newly listed companies with a selection of established businesses which have the potential to expand rapidly. Close to 25% of the fund is likely to be invested in companies trading on the United Securities Market.

In total, a portfolio designed for growth. Like our own UK Exempt Unit Trust which invests in a broadly similar range of shares for institutional clients.

Between its launch date in March 1984 and 1st June 1987, the offer price has risen by 287%. The FT Actuaries All Share Index has risen over the same period by a mere 109%.

SUNDAY TELEGRAPH SMALLER UNIT TRUST GROUP

Baillie Gifford have funds under management totalling over £2,000 million.

Our first five unit trusts were launched in October 1984, after nearly 75 years as investment managers.

Three of these funds are among the top ten

in their respective sectors over the two years to 1st August 1987.

In our first two years of managing unit trusts, our expertise and success earned us some remarkable accolades. Like the Observer's Best Newcomer in 1985. And last year the Sunday Telegraph Smaller Unit Trust Group Award.

DISCOUNTS We will do this by investing in companies that show prospects of extraordinary growth over a similar period.

Distributions will be made annually in February.

Do remember though, that the price of units and the income from them may go down, as well as up.

So invest in the BG British Growth Unit Trust, simply complete the application form below and send it, with a cheque, to Baillie Gifford & Co. Limited, 3 Glenfinches Street, Edinburgh EH3 6JY.

Source: Financial Statistics

BRITISH GROWTH UNIT TRUST

The Baillie Gifford & Co. Limited, 3 Glenfinches Street, Edinburgh EH3 6JY. Telephone orders may be taken on: 031-224 6066.

1/We wish to invest £... in the BG British Growth Unit Trust. (This £... and multiples of £100 thereafter) I am/We are over the age of 18.

1/We enclose a cheque payable to Baillie Gifford & Co. Limited for units at the offer price applicable on the date of your receipt of this application.

Signature (s) _____ Date _____

Address _____

Consent is given to Baillie Gifford & Co. Limited to use my details for marketing purposes.

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IMPORTANT INFORMATION

The trustees of the Baillie Gifford Unit Trusts are authorised to offer a "wide range" of investment under the Trusts. Investments are made on behalf of the Trusts.

The minimum investment is £500 and units may be bought or sold normally on any business day at a price of 100p. Prices and yield are published daily in the Financial Times.

There is an initial charge of 5% and an annual charge of 1% (plus VAT), calculated monthly on the value of the fund. Both charges are taken into account when calculating unit prices. The trust deed allows the trust to be wound up at a maximum of 15% (plus VAT) providing the Managers give 3 months' written notice to unitholders.

The Royal Bank of Scotland plc is the trustee and holds all investments and cash on behalf of unitholders. The trust deed may be inspected in normal business hours at the office of the Managers, Baillie Gifford & Co. Limited, 3 Glenfinches Street, Edinburgh EH3 6JY.

Baillie Gifford & Co. Limited is a member of the Unit Trust Association.

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FINANCE & THE FAMILY

When small means strong

THE SMALLER companies sub-sector stands out above the dramatic growth of the UK market generally during the first half of 1987. The new Hoare Govett Smaller Companies Index rose by 56 per cent to the end of June, outperforming the All-Share by 16 per cent—a fact which has drawn wide comment.

In unit trust terms, the same story is reflected. The UK Growth sector average is up 44.9 per cent over six months to August 1, and 70.9 per cent over one year. UK smaller companies trusts are mostly included in this sector.

The "smaller companies average" in the accompanying table is the average result of the unit trusts whose results are given. These are all the smaller companies trusts which come into the sector top 20 on the basis of a one-year ranking.

Where the trust is not flagged explicitly, it could be hard to know what you are dealing with. Baillie Gifford's new British Growth trust, for instance, invests wholly in smaller companies. In practice, there might also be a lot of overlap between smaller companies and special situation portfolios.

Of the 149 UK Growth trusts, 37 describe themselves as smaller companies trusts. Of 69 trusts in the sector which performed above the average for one year to August 1, 26 invested in smaller companies.

SMALLER COMPANIES TRUSTS
Performance for periods to August 1, 1987. Offer to bid, income reinvested. Bracketed figure shows sector ranking in UK growth sector.

	Six months	One year	Three years	Five years
Manulife Smaller Companies	85.5 (3)	142.0 (1)	—	—
Tyndall Smaller Companies	87.9 (11)	127.2 (3)	—	—
Buckmaster Smaller Companies	71.2 (11)	111.5 (7)	217.2 (28)	482.5 (21)
Aetna Smaller Companies Growth	72.9 (9)	104.5 (10)	256.6 (19)	397.7 (22)
County Smaller Companies	72.2 (10)	104.2 (12)	314.8 (18)	470.8 (13)
Sentinel Smaller Companies	69.5 (32)	104.2 (12)	244.2 (25)	356.3 (31)
Lazard Smaller Companies Growth	76.7 (7)	101.7 (14)	234.2 (32)	322.3 (26)
Gartmore UK Smaller Companies	69.2 (15)	99.5 (16)	235.3 (33)	424.7 (18)
Recovery	64.6 (20)	88.6 (18)	—	—
S & W Smaller securities	64.6 (20)	88.6 (18)	—	—
Brown Shipley Smaller Companies	66.5 (14)	85.1 (20)	245.5 (25)	446.9 (17)
UK Growth sector average	44.9 (149)	70.9 (140)	289.2 (99)	355.4 (74)

Source: OPAL

Six of the smaller companies trusts were too new to have a one-year performance record, leaving only five such trusts which have performed consistently below the sector average.

Outperformance by smaller companies trusts is not a flash in the pan. The table shows that top-performing trusts have been so for at least five years. None of the results shown is below the sector average, and the "smaller companies average" speaks for itself.

At third place over a year and first over six months is Tyndall Smaller Companies, the former WestAvon British Smaller Companies. Manager Silvia Rees puts the fund's striking performance in part down to a heavy weighting in property and financials. It is represented strongly in printing, power and packaging but, other than that, is well spread across the sectors (The definition of a smaller company is one with a market capitalisation of less than £150m).

Over the seven day in the market in the first week of this month, the Tyndall trust was helped by a "reasonable level of liquidity," due to positive cash flow and Silvia Rees's cautious attitude during the past couple of months. She expects smaller companies in general to perform at least in

line with, or better than, the market on a one-year view. "Although the past 12 months have been exceptional," she sees the relatively poor marketability of smaller stocks as an advantage in two ways. If people want to sell in a hurry, as in the recent panic market, they get rid of their more marketable stocks first. On the other hand, weight of money coming in to such stocks has a disproportionate effect on growth.

Baillie Gifford was one of the groups which kept in with a British trust in the wake of the election. Max Ward manages the British Growth trust, which invests in companies of less than £100m capitalisation.

Among his reasons for advocating small company investment are their greater sensitivity to economic conditions and the "small base" argument which Silvia Rees also puts forward—namely, that it seems easier for companies to sustain strong growth when they start small.

Ward also points to management attitudes in smaller companies. Since managers themselves tend to be major shareholders, their strategy tends to be one which protects the share price.

There are also technical reasons for favouring small companies. "The share price of

Income without worry

THE CONSTANT worry of many investors is how to maintain their income, while at the same time achieving some sort of capital growth to protect their investment from erosion by inflation. The fall in interest rates earlier this year, reversed only partially by the recent rise in bank base rate, caused some concern, especially among those relying on building society interest or deposit accounts as important sources of income.

Various schemes have been formulated to allay these fears. But Berry Birch & Noble, the financial services group quoted on the United Securities Market, seems to have come up with a new idea, or at least a clever variation.

Its answer is to combine an annuity with a unit trust to provide a regular net income of at least 3 per cent, while at the same time enjoying the prospect of capital growth in the original investment.

Under the BBN Income Plan, as it is known, part of your

total investment—which must be a minimum of £5,000—is put into a five-year temporary annuity which provides you with a guaranteed income of 3 per cent net. The remainder—indeed, the larger part of your investment—is put into a high income unit trust, which should yield at least 3 per cent (although this is not guaranteed) while at the same time increasing its capital value.

If the unit trust holding achieves a minimum growth of only 6 per cent in a year, this will be sufficient to pay back the total sum invested, but if a higher growth rate is achieved, as is likely, then the value of the original investment will be increased too.

As with any investment involving the stock market, there is an element of risk. As companies always want, the price of unit trusts can go down as well as up. However, the income from the annuity is guaranteed, and the likelihood of a unit trust not achieving the very

modest growth rate of 6 per cent is fairly remote.

Most fund managers would expect to do a lot better than that; indeed the Sun Life Managed High Yield Trust, which will be used for the scheme, grew by 195.5 per cent in the first two years since its launch in June 1985. Sun Life is also an acknowledged leader in the special deals annuities market, so there is a nice mix of top performers from one group, making the scheme administratively simple.

Berry Birch & Noble has negotiated special terms with Sun Life for the Income Plan—including discounts on the unit trust purchases which would not be available to the private individual—so is able to offer a better package than if you decided to go for a do-it-yourself alternative.

Some building societies are now offering interest rates of 8 per cent, and guarantee to return your original investment. However, building society rates are nor-

mally variable, while the BBN Income Plan rate is virtually guaranteed. And, of course, building society investments offer no prospect of capital growth. On the other hand, you can withdraw your money from a building society at any time.

The Income Plan is aimed mainly at the older (over 50), somewhat conservative investor. Annuity rates are cheaper for older people, and a large element of the income generated is tax-free because much of it is simply repayment of capital.

John Cole, director of BBN's personal financial planning division, said that this scheme had proved so popular with the employees of one of the companies for which BBN acted that BBN had decided to extend it to the private investor. The scheme fitted in well with BBN's specialisation in catering for anyone over 50, and was a logical extension of its 50+ Plan, launched earlier this year, which created considerable interest in offering an open-ended mortgage that can be continued after you retire, and is not repayable until the owner's death or a sale of the house.

John Edwards

Expatriate loans

of the valuation or cost of the property, whichever is the lower. For larger loans the limit drops to 70 per cent. There is a £125 arrangement fee plus costs.

Foreign residents living in the UK on an overseas posting are offered mortgages on a similar basis to expatriates—at a negotiated premium to base rate—but the maximum repayment period is only five years.

Interest-only payments are made with no reduction in the capital and the loan is repaid

at the end of the borrower's stay in the UK, either from the sale of the property or by re-mortgaging.

Alternatively, under a property investment loan scheme, foreign nationals are advanced sterling funds to buy a UK residential property, repayable over 25 years. Loans of between £50,000 to £750,000 are available, but regular reductions of capital and interest are required, although there are endowment or lump-sum repayment options.

Interest is at a negotiated premium over base rate, but the arrangement fee is 1 per cent of the value of the loan, plus costs.

Another clearing bank, National Westminster, has also recently introduced several new financial products for UK nationals living or working abroad.

These include three insurance schemes—for life cover, income protection and personal health. NatWest is also offering a new range of Channel Island deposit accounts specifically for expatriates, with a reduced minimum deposit of only £500.

J.E.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 17th August 1987												as at 31st July 1987												as at close of business on Monday 17th August 1987												as at 31st July 1987												Total Return on N.A.V. over 5 years to 31.7.87 (12) base=100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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FINANCE & THE FAMILY

Dons do it better

LAST WEEK I outlined the management principles which have achieved satisfactory results for my college's portfolio over the last 34 years:

- The fund would be kept fully invested;
- The fund would be widely spread;
- Changes in investment would be considered only once a year;
- No attempt would be made to predict movement in share prices.

The results so far have been consistently good, showing better returns than would have been available had the college invested the equivalent amount in the FT 30-share index.

This week we take a closer look at how the portfolio performed in the year ending June 30 and the decisions taken at the college annual review.

Income from our unit rose by 10 per cent compared with the previous one, and its end-year value rose by 34.4 per cent. These results were broadly in line with general experience. We always find it interesting to compare the total return—income plus capital gain—from £100 invested in our unit at the start of the year with that for the FT index and the All-Share. This year we beat the FT fairly easily (total return 35.6 per cent against 34.4 per cent), we failed to beat the FT in only seven years out of 34. But we were well behind the All-Share (45 per cent), and we always do a crude analysis of the reasons for differentials in performance.

For 1986-87 the cheering feature was that our UK equities did rather better than the All-Share, with a total return of 47.1 per cent. We lost touch, in the interest of "spread", our portfolio included modest holdings of North American equities (where in sterling terms the return was only 23 per cent),



as well as fixed interest (15.3 per cent). Our performance on these compared well with results for the sector in question, but in 1986-87 it would have been better to stick to British equities.

There was, of course, an enormous variety of price-movements for the individual equities which made up our portfolio in July 1986. The table shows the seven best and worst performers (in sterling terms).

The temptation to try to predict price movements can be seen from the calculation that if in 1986 we had sold the seven losers and spread the money over the seven winners, the value of the 1987 portfolio would have been raised by nearly £1.5m (on £22m).

This year's list provides us, indeed, with a rather special encouragement to stick more strictly to our principles. LAMMO, the top performer, had been bought in May 1986 as a very exceptional departure from the rule against purchases during the year. Last year's review showed that the price had fallen, and call options were written which led to the disposal of the whole holding at a respectable profit—but lost us the enormous gain which retention would have brought.

At this year's meeting there was general agreement that the relative prices of shares and bonds make it seem desirable, in the long run, to increase the very modest proportion of bonds in our portfolio. In 1983 we decided on 100 per cent equities, because in those days the traditional "yield gap" meant that equities gave a higher initial income.

We were confident in our expectation that this would rise in money terms, whereas bonds yielded a fixed money income. When a substantial reverse yield gap became established, we did not feel the same conviction about the superiority of equities on a long view.

The principle of risk-spreading in consequence led us to include some bonds, but the proportion has usually been small. Index-linked bonds were also attractive for ensuring a guaranteed real income.

The committee also had to face the question of how much the college should borrow, in order to have a larger portfolio than its own wealth could cover.

The principle of not trying to be too clever has restrained our actions, but with a highly seasonal cash position on the educational operations of the college it seemed consistent with that policy to aim at a zero cash balance in the final month, and a fluctuating overdraft at other times.

But we allow ourselves discretion not to borrow if we are uneasy about short-term price movements for securities, and we decided that 1987 was a time for only modest borrowing.

Our more important decisions consisted, therefore, of the following:

- Complete sales of our two investment trusts which invest wholly in Japan, because we reckon the prices of Japanese shares to be so high in relation to profits that they must be rejected as glamour stocks. (We have made no enormous profit on these trusts).
- Partial sales of various shares which had appreciated so greatly that they exceeded our normal maximum. With a few "tidying-up" sales, our total disposals came to about 6 per cent of the value of the portfolio.
- "Topping-up" purchases to raise the value of certain holdings into our new range for "normal" size.
- Purchases of index-linked stocks and assorted commercial loan stocks which in each case represented about 3 per cent of our portfolio.

Dividends withheld

My son and daughter are beneficiaries of a trust declared by my late husband in his will. Dividends from the family business were declared in the annual accounts for the years ended 30th September 1973 and 1980 totalling about £6,000 and were not paid into the trust as the business was going through a sticky patch.

The latest annual accounts have now been presented by the auditor and I am surprised to find that the dividends due have been "written back." The financial position of the company is still not good but I am not happy about simply "writing" the dividends.

May I add that although dividends were not paid for the year ended 30th September 1973, directors' fees were paid to the tune of about £10,000.

If the dividends have been declared, the shareholders are entitled as of right to be paid the amount of the dividends declared. Therefore, if the trustees hold shares in the company they can require the dividend to be paid to them, and as trustees they have a duty to the beneficiaries to insist that they are paid. They cannot forego the dividends unless they replace an equivalent amount out of their own pockets.

Row over shares

In March my stockbroker sent me a contract note for some shares I had not ordered. They were riding rapidly so I decided to keep them. Three weeks later I sold them at a profit of 50 per cent.

My local council has been making inquiries concerning land and property which I own and has decided to make a compulsory purchase order on it. It is considering developing my land and buildings for light industrial and recreational purposes.

My tenant has occupied the land and buildings at a peppercorn rent since about 1950 for his headquarters, as a civil engineering contractor with bulldozers and other heavy equipment.

Recently, my tenant completed plans to develop his own land which adjoins mine, without planning permission. The council strongly objects to this development, and is also making a compulsory order on him.

Although the council has considered the alternative site for my tenant's requirements, not one of the other sites offered has pleased him.

I gather that the district valuer will only offer a nominal price for my property, as it has no vacant possession. How can I maximise my assets? As your "tenant" pays no rent he has no security of tenure. You should accordingly serve on him a notice determining his licence or, alternatively, his tenancy at will and, requiring him to vacate the premises by a reasonable period. You should then ensure that he leaves either by agreement or under a court order.

Compulsory purchase

My local council has been making inquiries concerning land and property which I own and has decided to make a compulsory purchase order on it. It is considering developing my land and buildings for light industrial and recreational purposes.

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Nothing but excuses

Forced to retire for health reasons, I asked my accountants to put my small private company into voluntary liquidation. Before doing so we collected

every penny due to us and paid every known creditor in full. Two years later our accountants—a national group—are still coming up with excuses why the matter has not yet been finalised.

What is a reasonable time for what appears such a simple operation?

There is no reason why the company should not have been placed in liquidation as soon as you retired (creditors having by then been paid). You should presumably require your accountants to comply with your two-year old instruction.

No tax on the farm

As I have not lived in England for over eight years, I am free from Capital Transfer Tax. I am unsure whether I will be taxed in any way if I buy my son a farm for approximately £250,000.

I have one son and one daughter living in England. Could I give them each £50,000, and then £20,000 each next year and be clear of tax that way?

Assuming you are domiciled outside the United Kingdom (it is not clear from your letter whether that is so), you would not become liable to Inheritance Tax on gifts of property outside the UK. Thus, if you make a gift of money to your children in Tenerife, no tax would be payable under English law, however great the sum involved.

There would be no particular merit in staged payments of the kind which you mention. You must avoid buying property (land or shares) in the United Kingdom and then transferring that property to your children.



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Abolition confusion

In 1976 business premises were purchased for £12,000. In November 1983 those premises were sold for £63,000. In March 1986 the Chancellor abolished all capital gains of a purely inflationary nature made since 1982.

In view of the sale predating the budget by four months but in the same fiscal year, does the deal have full CGT liability or liability only after indexation (RPI) relief?

We regret you are under a misapprehension that all capital gains of a purely inflationary nature have been abolished. The position is that where a sale is made subsequent to April 6 1985 the indexation allowance can be based on the value of the property at March 31 1982.

This indexation allowance is then added to the cost of the property and the total deducted from the proceeds to arrive at the chargeable gain.

The rates bill hurts

We purchased our property as council tenants under the "Home ownership sale scheme" approximately four years ago. We have received service charges from the council which include general cleaning, lighting, gardening, management charges, etc., and water rates separately.

Being first time buyers we thought that covered everything until we joined a leaseholders' association when we learnt about general rates.

something we have never had. My question is, as the bill will be for 4-5 years, what amount are we legally obliged to pay or what amount are the rates people obliged to recover?

If a person is domiciled abroad, the tax usually applies only to property situated in the United Kingdom.

Does this ruling include shareholdings such as say RCI if they are in ADR form in North America—as opposed to being on the members list held in the United Kingdom by the registrar of the company?

The better view is that the shares are located outside the United Kingdom where the register which is kept outside the jurisdiction is not a duplicate of the register kept in the United Kingdom and the share certificate can readily be sent to the location of the register which is outside the United Kingdom.

Foreign holdings

Under Inheritance Tax Law "If a person is domiciled abroad, the tax usually applies only to property situated in the United Kingdom."

Does this ruling include shareholdings such as say RCI if they are in ADR form in North America—as opposed to being on the members list held in the United Kingdom by the registrar of the company?

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CHESS

CANADIAN No. 1. The group sharing sixth prize included Michael Adams, 15, scoring his third international master result.

Short lead from the start, and it was soon clear that his only real danger was a late surge by Speelman. The holder was not in best form, but the decisive game still proved remarkably brief.

White: N. D. Short. Black: J. S. Speelman.

Modern Defence (Kleinwort-Grieverson British Championship 1987).

3 P-K4, P-KN3, J-P-Q4, P-Q3, 3 N-B3, B-N2, 4 B-K2, P-QR4, 5 P-QR4, N-KB3, 6 P-R3, P-N3, 7 N-B3, O-O, 8 B-QB4, N-B3.

White has a wide choice of formations against Black's all-purpose Modern Defence 1 P-KN3. Short has met it in several important games such as the 1985 Interzonal play-off, so his choice here represents his idea of White's optimum piece placement. Black's last move is a mistake, since the knights are targets for White's pawns; better B-N2.

6 P-K5! N-K1; 10 B-B4, N-B4; 11 B-QR4, P-B4; 12 Q-P4, N-P4; 13 O-O, R-N1.

Also dubious, putting his rook on the diagonal of White's bishop. B-N3 should still be tried, though White has a significant space advantage.

14 P-P, N-P; 15 N-Q5, P-K3?? Probably Speelman meant to sacrifice the exchange for

counterplay by 16 N-K7, QxN; 17 BxN, Q-R2; 18 BxQR, QxR and missed the simple reply. Instead N(4)-N2; 16 N-K3, B-Q3 averts immediate disaster.

16 BxN, Resigns. If QxR; 17 N-B6 ch and 18 QxR, while otherwise White emerges a rook up.

London Bank 1871 begins this afternoon at the Park Lane Hotel, London. Entries include nine grandmasters and some 50 British juniors with bank scholarships. Play is 1.15-7.15 until August 31.

PROBLEM No. 688

BLACK (5 men)

WHITE (6 men)

White (playing as usual up the board) mates in three moves at latest, against any defence (E. Bruener, 1987).

Solution Page XV

Leonard Barden

Weekend Business

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1881, 1883, 1885, 1887, 1889, 1891, 1893, 1895, 1897, 1899, 1901, 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1919, 1921, 1923, 1925, 1927, 1929, 1931, 1933, 1935, 1937, 1939, 1941, 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1957, 1959, 1961, 1963, 1965, 1967, 1969, 1971, 1973, 1975, 1977,

DIVERSIONS

Oliver North's testimony exposes US activity in Central America. His ancestor also features in Nicaraguan history. Peter Ford reports

Desperado with a mission

CIVILIANS flee in terror as a valley of gunfire shatters the midnight calm: a thunder explosion shakes the earth; flames lick through Nicaragua's third-largest city.

A daring attack by the US-backed "contra" guerrillas fighting the Sandinista government? No, this time it's not for real. Hollywood has come to Granada to recreate an earlier epoch of US-Nicaraguan hostilities.

The film, directed by Englishman Alex Cox, tells the story of William Walker, an American adventurer who captured his countrymen's imagination in the middle of the last century by leading 57 fellow mercenaries to the conquest of Nicaragua and declaring himself president.

Walker, the 19th century filibuster with a penchant for action and a disregard for diplomatic niceties is now but a dimly remembered shadow in American history books — his claim to current fame is that he is an ancestor of Col. Oliver North. He was famed as a national hero in his day, "the grey-eyed man of destiny," as one newspaper dubbed him, who could see that in Central America "there are principles involved that reach beyond the mere checks of diplomacy."

In Nicaragua, he remains an arch-villain. The Sandinistas, who have welcomed the filmmakers, hope that if the film reaches the mass audience it is designed for, the American public might understand why they see their current bloody war against the "contras" as a continuation of the fight against Walker.

The son of a Scottish immigrant who had settled in Tennessee, William Walker embarked on several professions as a young man, throwing away medicine for law, then law for journalism by the time he was 28. He was cast into a black depression by the death in a cholera epidemic of his dear wife and daughter, and sought escape through an ill-planned unofficial expedition in 1853 to annex the Northern Mexican state of Sonora for the United States.

After a year of being chased

around the desert by Mexican troops and Cocopa Indians, he finally dragged himself back across the US border. There, he surrendered himself and his three dozen fellow survivors to the American army. Undisciplined by thisiasco he cast about for new territories to conquer.

His eye lit on Nicaragua, which for several years had offered the most convenient route from the American East coast to the new goldfields of California. Rather than risk the backbreaking five-month journey through the Indian country of the United States, some 20,000 goldseekers a year were paying Cornelius Vanderbilt's Accessory Transit Co to

take them from the Atlantic seaboard to San Francisco along its steamer and stagecoach route.

In return for exclusive rights to this route, Vanderbilt had promised the Nicaraguan government \$10,000 a year rent, and 10 per cent of net profits. He never actually paid the rent, however, and when the Nicaraguan government demanded its money, he claimed the operation was not making a profit. In fact, the company was making about \$200,000 a year profit, but Vanderbilt's inspectors asked to look at the company's books, they were rebuffed.

By 1855, Nicaraguan politics had degenerated into chaos, with the Conservative government based in the city of Granada, facing the rival claims

of a Liberal government established a few months earlier in the town of Leon. Since the Conservatives were threatening to confiscate his ships, for non-payment of dues, Vanderbilt decided simply to recognise the Liberals.

Walker, aged 30, set sail from San Francisco on May 4 1855 to help the Liberals. His 57 followers were a mixed bunch of ruffians and fortune seekers, but they were armed with repeating rifles, the like of which the Nicaraguans had never seen.

Within six months, the band of American "Immortals" as they called themselves, had seized the enemy stronghold of Granada. Col Walker had made himself a General, and a compliant Nicaraguan was found to take the titular role of President.

Recruits were promised free land in the fertile tropical lowlands of Nicaragua's Pacific coast and stocked from America to Walker's army. Other immigrants spread out from Granada to farm, trade, and pan for gold. Walker then arranged perfunctory elections, won them by a landslide, and declared himself President. English was made an official language. Alongside Spanish, and Walker issued the decrees for which he is most infamous in Nicaraguan memories: he introduced slavery.

He was proud of that decision. "Walker's administration should be judged by that decree," he wrote in the third person, "for it was the key to his whole policy."

"The wisdom or folly of that decree," he wrote in the third person, "is the subject of the American movement in Nicaragua: for the stability of the white race in the country depended on the re-establishment of African slavery."

Walker was never able to



General Walker: initiating Contra tactics

implement his decree—he was too busy staving off disaster. Even before assuming the presidency, he had sealed his fate by stripping Vanderbilt of his rights in the inter-oceanic route, and transferring them to two friends. In revenge, Vanderbilt suspended sailings to Nicaragua, depriving Walker of new recruits, who were sorely needed in the wake of a Central American alliance

between Costa Rica, Honduras, El Salvador and Guatemala, which had declared war on the American invader.

Scourged by cholera and other tropical diseases, outnumbered by Nicaraguan and other Central American enemies, and regularly running short of ammunition, the "Immortals" could not hold out for ever. After raising Granada and holding up for

months in the southern town of Rivas, Walker finally surrendered in May 1857 to a US man-of-war lying off the coast. He returned home a hero. Whenever he went, the "grey-eyed man of destiny" was hailed as a visionary conqueror. Walker would not renounce his dream.

He made repeated efforts to raise new filibuster forces, and twice made it as far as Central America. A short-lived expedition to Costa Rica ended in yet another surrender to the US navy, and then he set off on his last adventure in 1860.

Seeking to attack Nicaragua from the north, through Honduras, Walker got mixed up in a dispute with the British. Britain was handing over the island of Roatan, which it had ruled as a protectorate, to the Honduran government, and Walker took the side of some disgruntled islanders.

He was soon run to ground, and surrendered to Capt. Salmon of HMS Fearless. Salmon, however, immediately handed him over to the Hondurans.

The American press was outraged at this act. "It was on the faith of Commander Salmon's demand for a surrender to him as a British officer," Walker gave himself up," commented *Harper's Weekly*. "Commander Salmon had better resign the commission he holds, and seek employment in the pawnbroking or lottery policy, or some other business, which requires no exercise of honour or conscience. He is obviously out of place in the British Navy."

At his trial, Walker refused to claim the American citizenship that might have saved him. "The President of Nicaragua is a Nicaraguan citizen," he told the court. On a cliff note, he was hanged in the Honduras town of New, 130 years later, director

Alex Cox, who made *Rebo Men* and *Sig and Nancy* is trying to bring out the complexities of Walker's character in his film "You Can't Conquer a Hero".

Walker, Cox says, "He was much too incredible. He was a complete lunatic: a strong believer in chivalry, a murderer, a pathological liar, criminal, totally fearless, full of heroic and noble qualities, and mad."

Making the film in Nicaragua, where shortages of everything are acute, has not been easy. Technicians used to popping round the corner to the hardware store in Hollywood, or to ordering a new lighting fixture over the phone, had to plan all their requirements around one

weekly flight from the States. But shooting finished on time and none of the disasters that the film's backers had feared—insist on a \$45,000 political risk insurance policy from Lloyd's—had come to pass.

Not that all the residents of Granada, where most of the film was shot, were entirely happy. The Bishop, for example, found the path of his traditional Holy Week procession blocked by the set in the main plaza, and for two months the town's life was thoroughly disrupted.

Electricity poles in the plaza were torn down to make room for the scenery, leaving homes without light; other families were left temporarily without a telephone because the production needed the poles. The government could not afford to install any new ones; the cen-

tral square was covered with several inches of earth, to give the scene an authentic 1850s flavour. Cox chose to make the film here, rather than in logically simpler Mexico, in order to "show solidarity with the Nicaraguan people."

Striding Nicaragua must survive, Cox makes no secret of his political sympathies, and he is using the film to make some direct political statements about US intervention in Central America.

The screenplay is full of very anachronisms. In one scene, for example, an American prisoner is led away with his wrists roped together by a diminutive Nicaraguan, echoing the image of last year's capture here of Eugene Hasencamp, the American fier shot down as he carried weapons to the "contras."

The film's message, of course, is the message that the Sandinistas have been trying to get across to the world ever since their revolution here in 1979: that the US has been meddling arrogantly in Central American affairs for many decades, and that the Sandinistas are simply standing up for Nicaragua's national sovereignty.

Walker's defeat has always been a source of pride for Nicaraguans: the fight against him is known as the National War, and the anniversary of the battle of San Jacinto, in which the allied Central American armies defeated the filibuster, has long been a national holiday.

By the time William Walker met his end, American newspaper editors who had idolised him were reconsidering. "People are beginning to doubt," *Harper's Weekly* conceded, "whether the regeneration of the Central American countries is to be achieved by lawless invasions by armed desperadoes, whose aim is plunder, whose instrument is the rifle, and whose principles are those of highwaymen."

The Sandinistas, looking at the current incarnation of US policy in this region, could hardly put it better.

Archaeology

Messages in sand

WALLOWING like hippopotamuses in the desert sand of the upper Indus valley in Pakistan shiny black boulders glisten in the sun. The Ice Age left them and for millennia they have caught the eyes of travellers, merchants and holy men journeying along the trails we know as the Silk Route. From the 3rd millennium BC to the 13th century AD, many stopped to carve inscriptions and designs on these rocks, as respite from the mountain ledges and sheer drops that were the dangerous reality of the route.

In modern times Sir Aurel Stein spotted the rocks and carvings in 1922, the year before he died. But in was tribal territory. Systematic exploration could not start until 1979 with the opening of the Karakorum Highway (the KKH), the remarkable road which crosses the Karakorum mountains and links Pakistan to China at the Kunjerrab Pass

(as high as Mont Blanc, and open to foreigners only since last year).

The Karakorum was never a part of British India. But it was the field of the Great Game (see *Kim* and John Keay's *The Great Game*), to be played in those mountains on the roof of the world where Pakistan, Afghanistan, Russia, China, and India now meet. It was, and always has been, a pivotal region of wide-ranging connections. The links that the KKH now strengthens, such as those between Muslim Sindh and Moslem Pakistan, mirror the ancient links of the Silk Route.

The fantastic collection of rock carvings along the KKH does not include his name but there are the marks of many others who travelled the mountains. Since 1979 a team led by Professor Karl Jettmar of Heidelberg and Professor Ahmad Hasan Dani of Islamabad has recorded no less than

3,000 inscriptions and over 20,000 pictures on rock faces above ground. Still more wait to be found by digging the sand away, as I saw recently when travelling on the KKH. (Till that happens, the sand preserves the carvings.)

Now at the Pitt Rivers Museum, Oxford, *Between Gandhara and the Silk Route* (all September 21, and at the Royal Geographical Society in June 1988) exhibits the Pakistani-German work, with stunning photographs of the Indus, great mountains like Nanga Parbat, and the rocks and carvings.

The texts and designs both reveal a wide spread of people over a long period of time. Travellers and caravan men from west and east, maybe forced to wait by blocked passes, stopped by the boulders at the natural traffic junctions on the river and carved in Middle Persian, Parthian, Chinese, and Sanskrit. Sanskrit comes in several scripts.

A Hebrew text of the 9th century is the biggest surprise. Jews from Bukhara or Uzbekistan probably carved it, taking a chance to increase trade when the Sogdian merchants from the same region, having converted to Islam, went out of favour with the Hindus. Between the 4th and 8th centuries the Sogdians had been the chief entrepreneurs on the Silk Route. There are many texts of theirs. Some have the tribal name "Huns."

The menu is (like winemaking) under a French influence. It is—the phrase is not mine—the best kind of nouvelle cuisine, cooked and eaten in the open air. Beef is superbly smoked, not to keep it but to give it a flavour of barbecues even when it's roasted in a gas oven.

American soul-food things like black beans and sweet corn are lightly and smartly pureed and friend into tiny cakes. Peppers, green, red and yellow, find their way up from Mexico, along with their harsh and course ways on route and coming up sunny and fresh. Fish is Pacific of course.

Perhaps nothing shows the debt to France more than the fact that for our lunch in Grosvenor Square, they gave us a European meal of salmon in a rich buttery sauce, roast beef with veg, and figs and custard.

It was cooked by Pat Windisch—a young woman from California who looked like some piece of younger-generation Dynasty. The combined skills of cookery and menu-writing had this old gourmet-aleut thoroughly confused.

It wasn't the old fashioned American style of menu writing which used to blather on about morning-garnished, dew-



Buddhist rock drawing on the highway

Like the texts, the pictures were made by hammering the rocks, which produces a matt pecked beige designs that stand out against the shiny black rock surfaces. Aurel Stein called the technique "brushing".

Idea brought from pill further away, if they reached these mountains, were locked in to survive for centuries — and then appear unexpectedly elsewhere a long time later. Such a "reserved" in the Karakorum may explain the reminiscences of archaic Iranian art — of the time of Darius and Xerxes — in that of the Gandharan civilisation (1st century BC-4th century AD) in the flat lands of the Swat valley and the Kabul river basin below the Karakorum.

Gandharan art is best seen in the Peshawar, Saidu Sharif and Taxila museums. Superb deep carvings teach the life of the Buddha—in forms derived

from Greece. This long-distance spread of ideas, thanks not least to Alexander who reached the Indus in 326 BC, is mind-blowing.

The Buddhist rock pictures along the KKH do not confine up the Mediterranean in the same way, but they are as forceful in documenting the remarkable ability of men to spread beliefs—and trade—through some of the most intractable regions of the world. The Sogdian texts beside pictures of Buddhist stupas point to Central Asia, while crosses on the rocks near Gilgit mean that even Christians came. From the east came the Chinese with carvings of pagodas, and silk from that mighty beast the silkworm. What hardships people endured for silk and how glad they must have been to reach the boulders, and start hammering.

Gerald Cadogan

Fresh thoughts

I USED to pronounce anathema against American fruits and veg, as representing the triumph of machine over ability. Everything uniform, durable, handsome, colourful, very large and utterly without taste. I don't say you will suddenly find all that changed. But the skill and effort that went into producing these results—which were what the market wanted—can, given its head, produce variety and taste as well. It is a matter not of moral crusade but of market segmentation.

As is the way with American hotels, The Marriott in London's Grosvenor Square is having a Californian season until the end of the year, primarily designed to introduce us to some wines, but artfully throwing in some Californian cuisine as well.

Someone has cottoned on to the fact that given a little, artistic handwriting-style presentation, the market gardens of California provide just the right background for the high-profit-ratio mysteries of nouvelle cuisine.

What gives California its edge over other aspiring regions like the Cote d'Azur or the Thames valley is its unrivalled bountiful supply of miscellaneous customers. What is Californian cuisine? What do you get?

The menu is (like winemaking) under a French influence. It is—the phrase is not mine—the best kind of nouvelle cuisine, cooked and eaten in the open air. Beef is superbly smoked, not to keep it but to give it a flavour of barbecues even when it's roasted in a gas oven.

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Food for Thought

moistened mushrooms and so on, although the whiff of illusion was still there. "It was the salad of Napa Valley greens" which had me—in both senses. I liked the sound of that. I liked very much what was on the plate, fresh, lively varied and tasting good. Every leaf of it was bought that morning at New Covent Garden. What they meant of course was a Napa Valley style salad which is exactly what it was.

Had I been offered a Salade Nicoise I wouldn't have supposed that anyone was going to Nice to get the ingredients. Did I allow myself to think for a moment that a passing jumbo jet had dropped off a bag of Californian produce?

Peter Ford

Collecting

Hello, Norma Jean

MARILYN MONROE would have been 41 this year. What would she be doing today if she had lived? She might have aged gracefully to play mother roles opposite today's kiddie stars; or she might have married a politician and become a distinguished Washington lobbyist (Dem.).

Alternatively, it would have been quite in character for her to make the headlines by selling off her treasures, like *Brigitte Bardot*, to save the animals. Or, perhaps more likely, she would be living out her old age in the obscurity of some psychiatric institution: mental sickness was the sole legacy of her mother, the only parent she ever identified.

As it was, of course, she died young (or youngish): although at 36 she was at her most spectacularly beautiful to become legend. Twenty-five years after her death in August 1962 she still lives, wonderful and unchanging, in her films—always the same lovely being, vulnerable, naive, lovingly being.

She can still bring a lump to the throat with some sudden, unguarded revelation of hurt, and keep you guessing whether her pusillitous epigrams were wit or artlessness ("A career is wonderful but you can't curl up with it on a cold night").

Part of Marilyn's fascination was that she was Cinderella. The untalented, unloved, stammering orphanage child became the world's sex symbol.

Her private frustration was that she never truly met her prince, although she tried hard. As she said: "In this cross I must bear for fame—to be a love symbol and not to be loved."

The turning point in the story—the moment, as it were, when the fairy godmother materialised in Cinderella's kitchen—is recorded in a series of historic photographs that are to be published, along with their copyrights, by Christie's South Kensington on August 28.

The photographs were taken in 1945 by the late David Conover, who was then a 25-year-old private in the US Army's First Motion Picture Unit. The unit was an odd affair known as Fort Roach since it was housed in the Hollywood studios where Hal Roach had made hundreds of knockabout comedies.

The commanding officer was Captain Ronald Reagan (whom Conover recalled having the idea of marching the unit down Hollywood Boulevard to publicise his latest picture). Others in the unit included Alan Ladd and Kent Smith. On June 25, 1945, Reagan despatched Conover to take some morale-boosting pictures of women in defence industries; and—keeping things in the business—Conover chose the Radioplane Corporation, which was run by the British actor Reginald Denny.

On the production line, he was bowled over by the photographic possibilities of a plump-faced, still unborn-haired child-woman called Norma Jean Dougherty. Having photographed Norma Jean at her machine, Conover took some



A star is born: Conover's first shot

more shots of her, wearing a sweater, during her lunch break.

In no time at all he persuaded her to accompany him on a fortnight's photographic trip through the Mojave desert. Conover took leave; Norma Jean told the factory "she was sick. As Conover recalled the event more than 35 years later as a sober, elderly, twice-married man, it began their strictly business even though they shared twin motel rooms. Only later in the trip, it seems, did Marilyn seduce him.

Ironically, practically all the photographs taken on the trip were lost in the post. Arriving late back at Fort Roach, Conover would have been posted AWOL if there had not been an instant overseas posting to the Philippines awaiting him. With only hours to pack, he was obliged to despatch the negatives to another photographer.

After the loss, all that remained—and remain now at Christie's—were the photographs taken in the factory and a few left on an unfinished film in the camera. These, according to Marilyn Monroe's later recollections, established a portfolio that confirmed her potential as a model. With personal contacts Conover had given her, her career was launched. Norma Jean left her production line.

In later years Conover established an island resort and fulfilled his ambition to be a writer. He met the former Norma Jean, now Marilyn, once or twice more but they kept up a correspondence, by letter or telephone—particularly at

times when Marilyn was in trouble. No news, he found, was generally good news.

Conover watched the fluctuations of Marilyn's career, marital status and mental health. He worried when he felt she was keeping dangerous company ("I made it with the Prez") was how she succinctly described her relationship with John F. Kennedy. To the end of his life (he died earlier this year), Conover was convinced that Marilyn's death was not suicide but that she had somehow been caught in the crossfire between Robert Kennedy, by whom she had become pregnant, and his political enemies.

The sombre finale of Marilyn's life seems far away in the 25 images of the 19-year-old Norma Jean now at Christie's. Only just recognisable with dark hair, she beams out with easy frankness and marvellous teeth. We can sense that the orphanage is behind her; that she has escaped from her oppressive childhood marriage; that someone is at last taking notice of her and encouraging the stubborn determination to fulfil her childhood dreams of getting into the movies. The pictures are charming as well as historic.

All but two of the 25 are quarter-plate colour transparencies and 15 of them have never been published. The rest appeared in Conover's 1981 recollection, *Finding Marilyn*. Christie's anticipates prices averaging around £1,000 an image; but higher sums would not be surprising for such evocative documents.

Janet Marsh

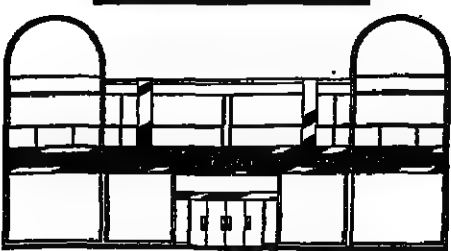
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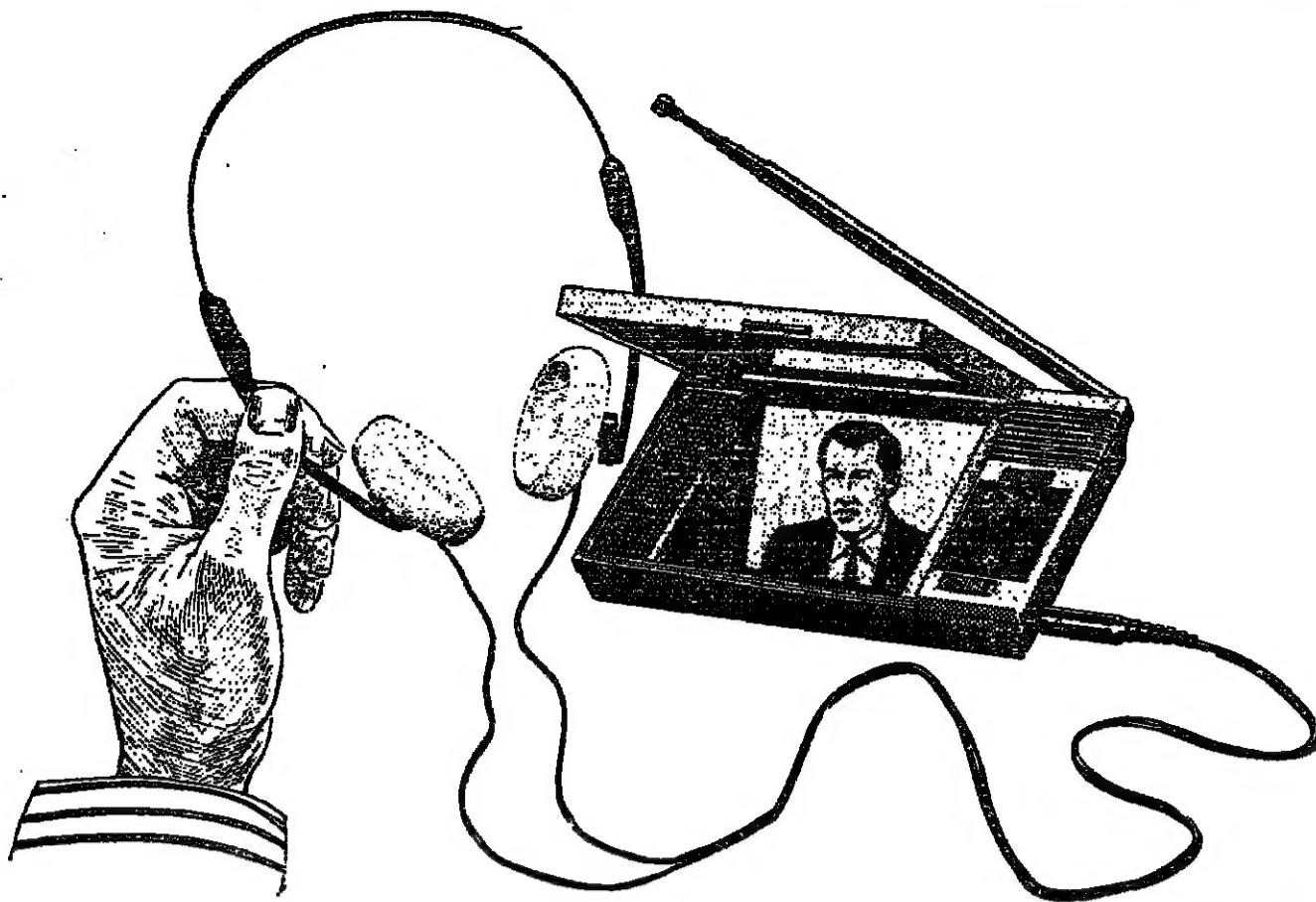
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Peter Knight on the pros and cons of pocket television

Better than nothing at all

IMAGINE a concert audience all saying "Ssshhh" while 300 people scrape their fingernails on a blackboard. You can replicate the sound, quite easily by trying to tune a pocket television set. It is called "white noise" and it's terrible.

This is just one of the many problems that affect small pocketable flat-screen television sets. Here are some more:

- It is virtually impossible to see Ian Botham's bowling average when it is flashed on the screen.
- Chris Evert's down-the-line forehand could easily be mistaken for a cross-court pass because you cannot see the ball.
- You have to watch one-and-a-half of everyone on screen because invariably there is a reception shadow.
- The picture is black and white.

However, pocket television is a lot better than no TV at all. You can (just) follow East-Enders while commuting, check the midday news from your desk and keep track of Seb Coe while you are fishing. Besides, the sets are fun and affordable, from around £60 up.

Sony, Sharp, Casio and Citizen sell pocket (or "personal") television sets and there are still some Sinclair Microvisions available, although no more will be made. Except for Sony's Watchman, which is a modified conventional television tube, the sets produce pictures on a flat liquid crystal display (LCD), similar to those used on pocket calculators and portable computers.

The TV screens are divided into tiny blocks (20,500 picture elements on Citizen's 3.5 in

screen) which form an image by producing dots in varying degrees of grey. The same visual principle is used to produce photographs in newspapers.

Unlike conventional TV tubes, LCD screens are flat and use less power, which means longer battery life and compact design. But LCD is particularly sensitive to light and gives a good picture only under certain conditions. Even then, it is far from excellent.

Casio, Sharp and Citizen overcome some of the LCD problems by reflecting the picture on a mirror. The actual screen, which is sandwiched between translucent plastic, produces a negative and available light which is directed through the screen and on to the mirror, producing a positive picture.

LCD sets resemble old-fashioned cigarette cases, both in size and operation. You open the hinged lid to about 45 degrees, revealing a mirror. The set, open towards you, is then pointed at the light, such as a window. The picture appears in the mirror.

The semi-open lid can sometimes obscure the view, but this arrangement overcomes the problem of watching television outdoors. Sunshine and excessive glare can dull the picture produced on a conventional tube, but the LCD screens thrive on a lot of light — as long as it is from the right direction.

LCD sets produce their best pictures outdoors in bright light. Night-time viewing is rather more difficult because you have to point the sets at a table lamp or overhead light.



Manufacturers have overcome this problem by providing lights that clip on the sets and shine through the screen — but these, of course, cost extra and consume more power.

While the sets themselves are small, the aerials need to be fully extended to get good reception, which makes the total package quite bulky in use. And basic models do not have speakers: headphones, or simple single ear plugs, are supplied. Citizen and Casio sell models which have built-in FM radio and speakers while Sharp offers a TV/radio/cassette player that works only with headphones.

Battery life is limited. The Citizen Big-3.5 in will work for about 10 hours under ideal conditions but far less if the backlight adaptor is used. Mains and car adaptors are available, though.

Citizen is hoping to introduce a colour set some time next year and other manufacturers have similar plans. But it will be at least a year before the next generation of personal TVs is available generally. We tested four sets that are in the shops now.

Casio TV-200 (£69.95). The matt-black set will fit into a shirt pocket (22.5 mm x 108.5 mm x 63 mm) and weighs only seven ounces including batteries. Its 2 in screen gives a sharp but sepia-coloured image and it has to be used with an earphone. The controls are well-positioned and work easily.

Citizen Big-3.5 in (£99.95). Under ideal conditions, the Citizen screen gives an impressive picture with excellent contrast. Unfortunately, you have to continually re-position both the set and the aerial to control picture quality. The volume, contrast and tuning knobs are well-positioned but a little too stiff and small to give easy control. The set also has a stereo FM radio and an adequate speaker. It is supplied with stereo headphones.

Sharp JC-AVIE (£228). A personal cassette stereo and radio with a 2.5 in LCD TV set. Sharp's combination gives adequate listening quality from the radio and cassette player but the television image is grainy and poor. The controls are badly placed, making it difficult to get a good picture.

Sony Watchman FD-10B (£119.95). Sony uses a conventional television tube, which means a bigger set and more power consumption. Although the picture tends to fray at the edges or dissolve when there is interference, the overall quality is much better than LCD (it is possible to watch tennis or cricket and to see the ball). The FD-10B is an improved version of the original FD-2B and has a better speaker.

● Peter Knight is editor of FinTech 2 — Electronic Office.

Victorian values

FOR footstools with a difference you need look no further than David Seyfried, at what he describes as the "wrong end of the Fulham Road," number 759, to be precise. Though primarily a specialist in 19th-century decorative furniture, so many of his customers came in asking for footstools that he realised there would never be enough genuine antiques to go round. He therefore decided to embark upon having them manufactured for him.

They all have a Victorian air about them. The wood is polished to the authentic dark Victorian brown, the castors are polished to look old. Once the frames are made, they are upholstered and covered in kelims, which come mainly from Turkey (a few come via Afghanistan). The result is genuinely attractive and useful footstools.

The kelims, needless to say, are not of the finest quality — it would be sacrilege to cut them up if they were. David Seyfried uses the good parts of worn or slightly frayed kelims. David Seyfried offers three

standard sizes: 40 in by 30 in by 15 in high, 40 in by 25 in by 15 in high, and 40 in by 18 in by 15 in high. These he sells for between £320 and £340, depending on the kelim chosen. He has a wide range of kelims to choose from, and will go hunting for special ones — longer.

if a client has a special pattern or colouring in mind. He will also have footstools made up in special sizes if the standard ones aren't suitable. Stock sizes usually take 10 days to be upholstered in the chosen of kelims to choose from, and special sizes take longer.

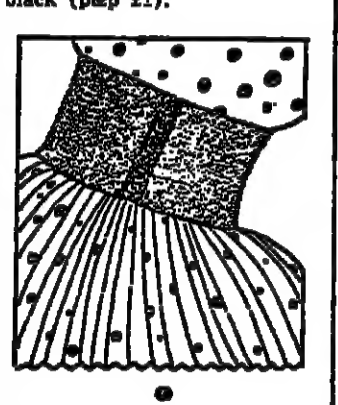


Lucia van der Post



INSTANT WAY to update an outfit this summer, add a cinch-belt. They make even the thickest waist look quite astonishingly slim. Choice of all comes in plain black with strong black poppers like the six-inch-wide version sketched here (£3.99 from Boules, 25, St James Street, Covent Garden, London WC2).

There is also a big selection at Fenwick, 10, Bond Street, London W1, where they come in varying widths and colours and can be fastened with poppers, hooks and eyes or buckles. There's a Superwide belt (eight inches wide, to be worn that it is quite difficult to sit down in, but looks very dramatic on the tall and skinny), with five poppers, £17.99 (p&p £1); and a six-inch wide belt, £9.95 in white or black (p&p £1).



IF YOU'RE tired of matt black chole and long for a writing instrument with a little more glamour and romance about it, The Walton Street Stationery Company is selling hand-made glass pens that are enough to make even the least punctilious letter-writers long to put pen to paper. In glorious colours, mostly bright and jewel-like, the glass pens are much more than just utilitarian functional objects useful for writing out a mundane shopping list.

These are pens to write the sweetest of billets-doux, for

IN Victorian times fire-screens were de rigueur, the nudity of a bare fireplace evidently offending their delicate sensibilities. Replicas of cats, dogs or other cosy domestic images were often used, and these are now sought-after antiques in the trendier antique shops. If you are tired of trying to track them down it is worth knowing that you can buy exceedingly good modern copies.

Naturally British of 13 New Row, by Covent Garden,

London, WC2, has persuaded John Butler, an artist who works in Glastonbury in Avon, to produce a whole series of these charming fire-screens. Each one is different, each is hand-painted on wood — they are mostly of cats and dogs and great bunches of flowers painted in suitably rich, dark Victorian colours. Prices for such one-off items seem to me to be good; the twin kittens model pictured here is £39.90 (plus VAT), and the larger flower scenes are

about £90.

If you have a favourite pet John Butler can be persuaded to paint a likeness of your very own Fido or Moggie.

For those whose tastes are rather more modern, another artist, Kate Morgan, paints fire-screens with a more up-to-date air about them. Naturally British always has a selection of the work of both artists in stock. You can order or make inquiries by telephone (01-240 0551).



penning urgent and dramatic declarations, for dashing off one's mightiest thoughts. If all that sounds a little daunting, they are delightfully simple to look at, bringing memories of old-fashioned, better-mannered days. In lots of colours, they are £27.95 each from The Walton Street Stationery Company, 97 Walton Street, London SW3.

REMEMBER Gillian Cutress' factory shopping guides to Derbyshire and Nottinghamshire, Leicestershire and Staffordshire? Encouraged by the success of the first three, Gillian Cutress has brought out two new ones (to Yorkshire and to the West Midlands and Worcestershire) and an expanded version of the guide to Derbyshire and Nottinghamshire.

For those who haven't yet caught up with factory shops they are a marvellous discovery that those who live near them couldn't do without and that visitors fall upon with delight.

They exist to sell off those goods that are slightly below par, slightly damaged or just plain out-of-date. Most are to be found close to the factory sites themselves and many of them open at erratic times — hence the need for a guide.

Gillian Cutress seems to have done her research thoroughly and anybody setting off for any of the areas covered shouldn't leave without a guide in hand. She will lead you to bargains in full lead crystal, in carpets, in porcelain, knitting yarns, fabrics, china and a host of other things you might either need or want.

All the booklets can be bought by post from Gillian Cutress, 34, Park Hill, London SW4. Yorkshire is £2.25, as is the expanded Derbyshire and Nottinghamshire (which incidentally includes a list of farmhouse where you can spend the night and be served a traditional farmhouse breakfast next morning). West Midlands and Worcestershire, and Staffordshire (The Potteries) are £1.95 each while Leicestershire is £1.50. You should add 25p extra to cover postage and packing for each booklet.

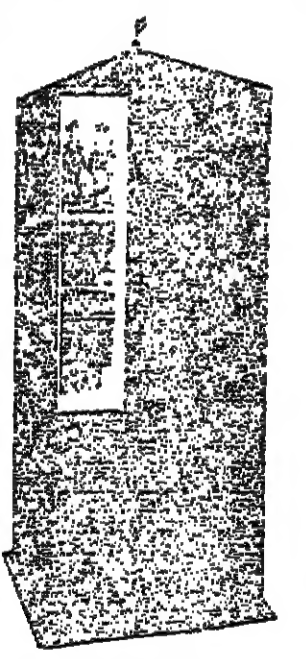
IF YOU have ever thought fridges were visually unexciting (and who hasn't?) then take a look at what the Italian company of Zanussi has come up with — a fridge with a distinct look of the Post-Modernist about it.

It is, apparently, aimed at

"affluent and style-conscious consumers" — so if that's you, it may be the very thing you're after. It's a style-conscious kitchen (or dining-room or office) needs. The serious idea behind it is that there is no need for important kitchen equipment to look dull and utilitarian. If it is designed with panache it ought to fit into any room of the house, or any office, and not look out of place.

So if you happen to have a good style-conscious post-modernist interior, it should be just the thing.

Needless to say, such styling doesn't come cheap: it costs £639.99, but for that you can choose from matt black, silvery metal, "stone" or "starry" (black and blue to those of us unused to such style-conscious terminology). It is 163.5 cm high, 60.5 cm wide and 65 cm deep. It is stocked by the first of Rumbelow's "homotech" electronic superstores, at the Greyhound Retail Park, Sutton Park, Sutton Road, Southend.



Jill Tilsley-Benham recommends aubergines

Turkish delights

TURKISH COOKS have long been enchanted by one aubergine — indeed their passion for it could once have been described as all-consuming. Those horrible fires which used to sweep Constantinople, and leave whole villages in smoking ruins, travellers nicknamed "Aubergine Fires."

Their cause? Too careless a frying of that treacherous autumn treat, patliyan tavasi — the frittered aubergine.

With the demise of wood-burning kitchen stoves, the aubergine fritter (although still worth risking an inferno for) is happily no more a threat to Turkish life and limb.

To make 4-6 helpings of patliyan tavasi, peel 1 lb of firm,

shiny aubergines lengthwise, leaving alternate 1-1 in strips of skin in place. Slice as thickly or thinly as you like, sprinkle with salt and leave to sweat for 20 minutes or so. Rinse, squeeze hard, between two clean cloths to extract the juice. Dry well. Fry in batches (plain or flour-dusted) in olive oil. When richly browned all over, drain on paper towels. Serve at room temperature with a sauce of beaten yogurt, flavoured to taste with crushed garlic and salt.

Alternatively, fry 1-in thick, flour-coated slices, draining as before. Have ready 4-6 crushed cloves of garlic and 4 tablespoons of wine vinegar. Wipe the pan dry with a paper towel, add 1 the garlic/vinegar and

allow it to bubble up. Cover the base with a single layer of aubergine slices, and cook a few minutes more. Spread these out on a platter, and repeat. Serve hot or cold with warmed pita or French bread, as a starter, side-salad, or vegetable.

Imam Bayildi — "The Priest Fainted" — is another aubergine dish with risky associations. In curious title was acquired, the classic story goes, when the priest in question collapsed on tasting it. The reasons given for this swoon are various. Some hold responsible the large amount of olive oil his wife had used — he being either tender of digestion or a niggard with his purse. Others, as smitten with this dish as I, swear that it was caused by an excess of pleasure.

So how to make an Imam Bayildi of the kind that has men falling at one's feet? I decided to ask a native of Bolu. Now Bolu, as anyone in Istanbul will tell you, is the traditional birthplace of Turkey's finest chefs. Legend relates that the sultans, charmed by the Arcadian feasts that crowned royal hunting expeditions there, carried the cooks responsible back home. The sultans' kitchens are no more, but descendants of those Bolu-vian wizards who ran them are still employed by the best establishments in town.

Necati Duran, for instance, cooks for the Istanbul Hilton — and it was this kind and talented gentleman who taught me how a truly stunning Imam Bayildi should be made. Leaving the stems attached, peel alternate strips, as before, from a couple of 10-oz aubergines. Make one or two parallel cuts from end to end, piercing almost to the base. Press ends towards each other to open the slits, and dust liberally with salt, both inside and out. Allow to sweat for 20 minutes or so. Rinse, not forgetting the slits,



Anne Morrow

and squeeze hard to extract the juices. Dry well, then fry gently in shallow olive oil, turning evenly, until gold and cooked to the centre.

Meanwhile, halve lengthwise then slice across thinly 1-lb of smallish onions. Fry, together with a large clove of finely chopped garlic, in 4 tablespoons of olive oil. When these have browned a little, add 6 oz of skinned and roughly chopped tomato, plus 1 teaspoon each of salt, sugar, and coarsely ground black pepper. Simmer a few moments, then stir in a handful of chopped parsley and — optional but recommended — the same amount of green dill or a tablespoon or rubbed dry dill weed.

Arrange the aubergines in a baking dish, scoop out some of the seeds, and stuff with the tomato mixture, heaping any excess on top. Lay 2-3 thick slices of tomato on each. Pour 2 tablespoons of the frying oil and the same quantity of hot water in the dish, and bake in a hot oven for 10 minutes, or until heated through and meltingly tender. Cool, and serve at room temperature as a mezzeh, or starter, with warmed pita, wholemeal, or crusty bread. Conjur up irrelevant

images of Friar Tuck and other corpulent clerics, the purple, portly aubergine is also used for making Karniyarik, the aptly-named "Split Belly." A meat-packed main-course dish, this too was cooked for me in the Hilton's cornucopia of a kitchen where, in the benevolent charge of executive chef, Anno de Vries, I studied dozens of Ottoman delights.

For Karniyarik then, prepare and fry four 1 lb, or two 1 lb aubergines as in the previous recipe, slitting each vegetable once.

Meanwhile, brown 1 lb chopped onions in 1 oz butter. Add 1 lb raw minced beef and/or lamb, 2 teaspoons tomato paste, 1 teaspoon coarsely ground black pepper, 1 teaspoon salt, and 1 1/2 tablespoons water. Simmer, stirring often, until brown and tender. Stir in a handful of chopped parsley.

Place the cooked aubergines in an oven-to-table dish. Scoop out some of the seeds, then fill loosely with stuffing. Decorate the tops with thick slices of tomato and green pepper. Just cover the dish with water, and cook in a fairly hot oven until heated through and very tender. Serve hot with a rice pile.

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BOOKS

David Churchill on the great chocolate empires and their founders

Melting it

THE CHOCOLATE CONSCIENCE

by Gillian Wagner. Chatto & Windus. £15.95, 178 pages.

THE BRITISH eat more chocolate confectionery per head of the population than in any other country—a consequence of the astonishing growth in popularity in the nineteenth and twentieth centuries for products made from the previously underrated cocoa bean.

Those responsible for this upsurge largely came from three families—Fry, Rowntree, and Cadbury—who came to dominate (and still do) the British confectionery market.

What sets them apart from many other examples of corporate growth emanating from Victorian industrial society was that all three families had long been Quakers, members of the Society of Friends.

Being a Quaker then—as now—is to most people synonymous with that elusive quality of "goodness", a style of living based on strong religious and moral beliefs that is the envy of many.

What fascinates Gillian Wagner, therefore, is how the chocolate barons of the Victorian era managed to reconcile the moral dilemmas posed by rapid industrial growth with the

principles and practices of the Society of Friends.

Her central conclusion, not surprisingly, is that the two were largely irreconcilable. In spite of the fact that Victorian Quakerism almost positively encouraged the pursuit of wealth, devoted entry into the academic, military, or political worlds, Lady Wagner points out that "it is little wonder that so many Quakers turned to business to find fulfilment and satisfaction."

Where the influence of the Society of Friends was clearly most able to be reconciled with the needs of corporate growth, however, was in the industrial paternalism that characterised the way the families dealt with their employees.

From the early days of Joseph Rowntree sharing his house with his apprentices, all three "cocoa" manufacturers "devoted a considerable amount of time to the physical and spiritual wellbeing of their employees."

This concern eventually came to be manifested in the model housing developments at Bournville near Birmingham by Cadbury, and Rowntree's New Earswick site near York. When J. B. Priestley wrote Bourneville while writing

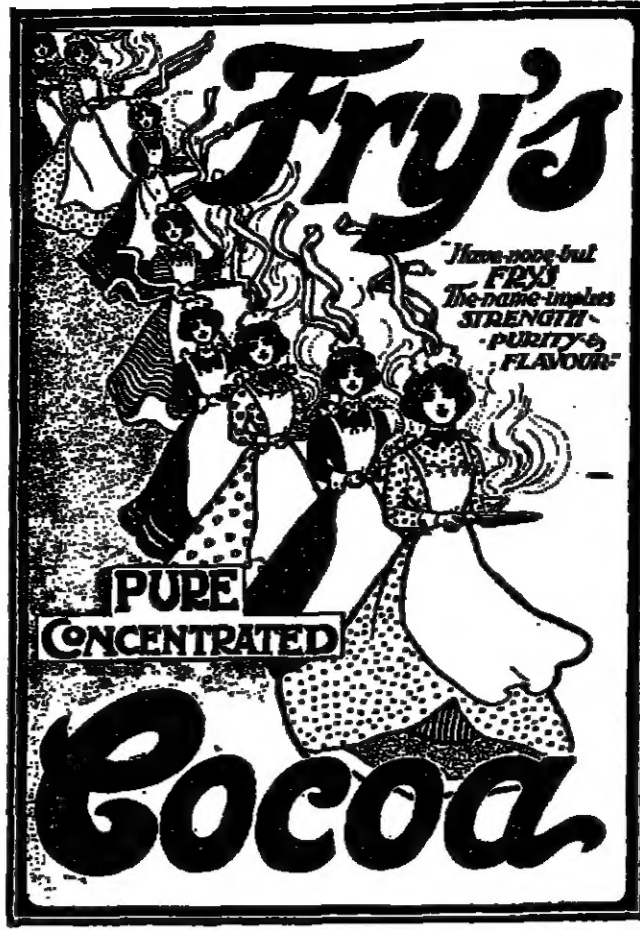
English Journey he described the Cadburys as having long been "in the top class of the school of benevolent and paternal employers." Priestley, however, was not entirely convinced that such paternalism was in the best long-term interests of workers since they could lose their spirit of independence and see their often monotonous work in the factory as an end in itself rather than as a means to an end.

The Cadbury and Rowntree families were less able to secure their Quaker ideals with their forays into newspaper proprietorships. Their dilemma, for example, over the publication of betting news in their papers led to much soul searching among the Quakers and the families themselves.

Cadbury, moreover, found themselves in the undignified position of having to sue a rival newspaper over allegations about "slave labour" in the cocoa plantations—a libel suit which the company won with damages of only one farthing.

But it was the decision by Cadbury to shut the News Chronicle in 1900 with the loss of 3,500 jobs which was perhaps the final straw in the long struggle to wield influence in line with Quaker beliefs.

Lady Wagner's detailed study



Art nouveau elegance comes to the aid of sales promotion in this early cocoa poster

of the chocolate Quaker families unfortunately falls short of telling us more about the struggle for market supremacy between the two companies (Cadbury had acquired Fry's in 1918) which took place between the

two world wars. More on these "cocoa wars" would have rounded out an otherwise fascinating account of the way in which Britain's craving for milk or plain has been satisfied all these years.

Fiction

Troubled era in Toronto

THE DEPTFORD TRILOGY

by Robertson Davies. Viking. £14.95, 384 pages.

IN THE SKIN OF A LION

by Michael Ondaatje. Secker & Warburg. £10.95, 224 pages.

OVERHEAD IN A BALLOON

by Mavis Gallant. Cape. £10.95, 196 pages.

HER STORY

by Dan Jacobson. André Deutsch. £8.95, 143 pages.

TARABAS

A QUEST ON EARTH by Joseph Roth. Translated from the German by Winifred Katzin. Chatto & Windus. £11.95, 311 pages.

ROBERTSON DAVIES, a Canadian, is the natural heir of the now underrated humourist Stephen Leacock. Apart from many plays, he has written the three novels comprising the Saltford trilogy, the three now reprinted in one attractive volume as *The Deptford Trilogy* (published on Thursday), and a further more recent success, *Bred in the Bone*.

The purpose of the Saltford trilogy may be said to have been the satirical destruction of Canadian provincialism. For some it represented the continuation of the Johnsonian persona cultivated by Davies in newspaper articles, collected in famous books as *Samuel Marchbanks*. Others thought that the mantle of Johnson had been thrown aside in favour of that of Trollope. However that may be, the result was modest and delightful.

The Deptford trilogy is another matter. As a commentator put it, "high-toned critics have attempted to read into Davies' work some grandiose purpose." Alas, this led to his trying to make this work "significant," and this, as has been well said, "blunts the sharp edge of his satire."

There is no all that much satire left, except in the growing voice of the narrator, a schoolmaster. Everything about it is good except its

intentions, which swamp it: world myth, magic, Jungian psychology, God, the devil. But for its little vignettes standing outside this grand and pretentious theme one will still go to it—and welcome its release into one volume.

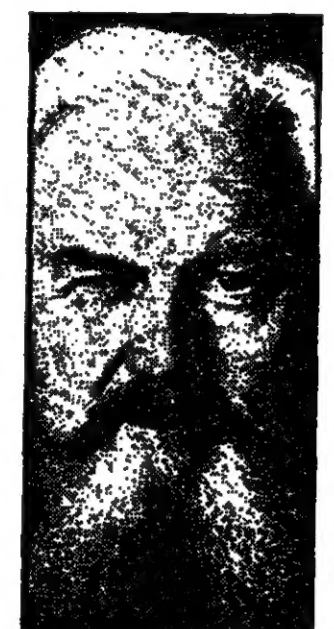
Michael Ondaatje, partly Dutch and partly Tamil, was born in Sri Lanka in 1945, and eventually settled in Toronto, which is the background of his new novel, *The Skin of the Lion*. Essentially it is a naturalist novel about a great city, but one written with an air of somewhat overcharged lyricism. Always good-hearted, it is sometimes overheated and a little solemn. But the story and the author's sense of it are excellent, and it is always readable and intelligent. One is bound to add, however, that in the light of Morley Callaghan's urban novel still shamefully neglected, this does tend to pale.

When will someone release these in England? Mavis Gallant is a veteran Canadian short-story writer of impeccable credentials. Overhead in a Balloon contains stories set in Paris, where Mavis Gallant settled after giving up journalism and extensive travel. She is one of the most sheerly professional of all living writers, but unlike some of her peers, her professionalism never operates as sickness or heartlessness—as it did in the later stories of both O'Hara and Leacock's excellent companion, Ethel Wilson. Irony and probing, above all stripping of her ambitious characters of their silly pretensions, she remains human and compassionate.

In the first substantial tale, "Speck's Idea," Sander Speck is a loathsome crook—but in the end, when he has been defeated, this does tend to pale.

Mavis Gallant is writing at the top of her powers, she has never been better, and every connoisseur of the short story will be grateful for this volume.

Dan Jacobson's *Her Story*, very different from anything he has attempted before, is supposed to leave us "initially torn, and then, as the story unfolds, to applaud." I had better applaud them. But I should like to, for in fact the brief descrip-



Robertson Davies: Canadian sage

tion of it on the jacket leaves one with the gloomiest of forebodings. It is the reconstruction, made in 1936, of the life of a woman of the future (born 2007), who wrote a novel of the distant past. Such an exercise has to be good if it is not to sink under the weight of its over-ambitious intentions. And this does struggle free.

But it is overloaded: there is not only satirical concern with the horrible procedures of the future—but also an attempt to do justice to the rich personality of Celia Dinan, the subject of the book. The result is a failure of the imagination. All the material is there, but it is just too much to take in one small package.

The Austrian novelist Joseph Roth, who died of drink (he called it "deferral of immediate death") in Paris on the eve of the Second World War, is most famous for *The Radetzky March*, a nobly evocative tale of the Empire and its decay. Roth, whose works have never been taken up by the general reader as they should have been, was in fact the equal (in my own view probably the superior) of more famous Austrians such as Freud and Musil. He is certainly one of the greatest writers in German of our century.

Tarabas, published in 1934 and dating from his years of exile, is the story of a terrifying (and anti-Semitic) soldier who ultimately discovers grace. It was an inspiration to revive it, in an excellent translation: here we can learn what great storytelling is.

Martin Seymour-Smith

Grown girls so lost

A FRIEND FROM ENGLAND

by Anita Brookner. Cape. £9.95, 206 pages.

CHATEAU BROOKNER has declared a new vintage. The '91 variety has the same fine qualities as the best of previous years and the same thick accumulation of sentiment in the bottle. This is a small wine: it does not have, as does its pretender, the Grandeur of Tolstoyan burgundy or Stendhalian claret; nonetheless it has a distinct nose and plenty of hidden depth.

Somehow the language of the wine-sipper seems appropriate. Here is a writer who has staked out her field against all intruders, barricaded it with barbed wire, and tilted it assiduously against every year of grace that has an unmistakable distinction.

The distinction stems from the insight possessed by Brookner into the mind of the unattached female. Her heroines are of the highest intelligence and they possess uncommonly acute powers of observation but they suffer from one fatal delusion which is that they think they are without illusions. By the end of the book life has cured them of this fallacy, but at great cost. The narrative proceeds through a continuous assessment and re-assessment of the situation as it seems to them. They do not always read it inaccurately but these readings are constantly needing correction in the light of events, a procedure by which they shed their naivety and come to terms with the world as it is.

If consciousness is always playing tricks on us and presenting reality in false colours of our own devising, Brookner believes that a much more accurate picture may be achieved by the masterpieces of European literature and painting if only we know how to interpret them correctly. She is not an eminent art-historian for nothing. Hence in each novel we are presented with a key to unlock the mysteries, puzzling the heroine in the form of some well-known text or painting.

In an earlier novel, *Wellness*, this key was Benjamin Constant's Adolphe, based on a catastrophic love affair he had with a much-older woman. In the light of Brookner's development since then we can see that this book is the model for all of Brookner's novels. She is aiming at making the same direct appeal to the reader



Anita Brookner: Interpreting the signs

showing in a prose glinting with aphorisms, in the galleys manner, how a life may be reduced to ruins.

In a friend from England the given key is Giorgione's painting *The Tempest* which shows a young woman feeding her baby while a violent storm rages in the background and a handsome cavalier looks on. The young woman's total indifference to everything that is happening around her while she fulfils her purpose mirrored by that of the heroine of the book, Heather Livingstone. We watch her true nature emerge as layer after layer of protective covering is peeled away.

When we first meet her she seems to be the dutiful daughter par excellence. Her doting parents, Oscar and Dorrie, envelop her in love and comfort out of their new-found affluence.

Rachel, who tells the story in the first person, sums up Heather thus:

In fact the woman she would become was not much different from the girl she already was, and there seemed no reason to suppose she would ever change or develop or move away from the family circle.

Rachel, whose own attitudes are under scrutiny as much as Heather's, could not be more wrong. By the end of the book a total reversal of roles has occurred. Heather has become a free spirit, Rachel a shattered heroine, clinging to the straws of a kind of filial happiness that is all in the past. There will be a divorce, and Heather will be a many-dimmed star as to how convincingly this transformation is effected. Admiration for the sureness of touch with which these two women and their little circle are brought to life is, I would guess, likely to be unanimous.

Anthony Curtis

Talking heads

THE MEDIUM FREQUENCY

by Russell Hoban. Jonathan Cape. £10.95, 143 pages.

RUSSELL HOBAN's many fans will not want to miss this lively fantasy, the sixth of his adult novels. It is a wonderfully written; you never know where you might be next, nor quite why you are there in the first place. Classical figures, familiar to me from Virgil, weave their way through the highly-coloured story of a writer's search for inspiration, unhappy love and the problems of staying on one wavelength.

Michael Donne

I leave you to disentangle the dialogues with a talking head of Orpheus or the girl in a Vermeer picture and to fashion the depths of the predicament which confronts the hero, Herman Orff. The novel left me uninvolved and quite unconvinced by the sudden surges of language which the exercise touched off in the author. It seemed terribly lacking in human insight. But then, I am not one for mixed frequencies, jammed computers and electronic interchanges, scrambled with some cultural in-jokes.

Robin Lane Fox

Geoffrey Moore investigates the demise of a rich and lonely broker

Man overboard

THE MAN WHO FELL FROM THE SKY

by William Morris. Viking. £10.95, 282 pages.

THE TRUE story of the death of Alfred Loewenstein reads like a thriller. Belgian financier falls 4,000 feet from own aircraft without occupants noticing. French and Belgian police hush matter up; British do nothing, in spite of dead man being resident in Britain. Mrs Loewenstein beside herself, not with grief, but with absence of body. Reward offered; body found. Doctors appointed by wife (not police) seize body and maintain no foul play. Wife inherits vast fortune. Case closed.

But not for William Morris, our roving reporter. Fifty years on, with the skill of a Simenon, he uncovers layer after layer of buried fact. Starting from July 4, 1928, when the fated plane left Croydon for Brussels he moves backwards and forwards in time, questioning, voicing his suspicions.

Apart from Loewenstein, the six occupants of his Fokker FVII-3m monoplane were part of his considerable personal staff: the pilot, Donald Drew; the mechanic, Robert Little; Fred Baxter, his valet; Arthur Hodgson, his secretary; and Eileen Clarke and Paula Bidalon, stenographers. When he was informed that Loewenstein had gone, the crew landed on a Normandy beach. Suspicious. Why not at St Inglew, five minutes away? The matter was not pursued. Nor was the fact that the occupants told conflicting stories.

At the funeral there were many wreaths, but almost no mourners. And yet the man, according to a sketch by "a friend" in *The Times*, was "capable of great generosity and loyalty."

Who was this original? Who was the son of a German who had emigrated to Belgium and married the daughter of a banker. By the age of 20—that is, in 1897—Alfred owned his own stock-broking firm. By the time of the First World War, when he fled to England, with his beautiful but estranged wife and young son, he was a millionaire many times over.

He was made a Captain in the Quartermaster's Regiment of the Belgian Army in London until asked, quietly, to resign because of profiteering. Unabashed, he turned up a few days later as a Captain in the British Army. After the war, he was richer than ever, he indulged his only passion apart from finance: horses. At his estate near Melton Mowbray, he hunted with the Quorn, the Cotswold, and the Belvoir, as well as maintaining a racing stable. For 10 gaudy years he lived like a mogul, but always—apart from his considerable entourage—alone.

A ruthless manipulator of the stock market, Loewenstein had many enemies, and Morris considers them all—as well as interviewing those who knew him, and examining minutely the structure of the aircraft from which he fell. The clue, he is certain, lies in the access door, light and easily moveable, except when manipulated against the tremendous force of the slipstream. This alone, is proof enough that Loewenstein could not have fallen "accident-

ally." He was pushed, and all the occupants of the aircraft had been bought.

This was why, Donald Drew was so anxious to land at a lonely spot rather than the airport. He wanted to replace the access door with another which he had hidden in a compartment behind the lavatory. A fisherman reported seeing a parachute falling from the Fokker on July 4. That was the clue, taking down with Loewenstein. So Morris conjectures.

After investigating the lives and motives of the business men who had cause to wish Loewenstein dead, Morris's suspicions light on Madeleine Missane, wife of the banker. A last-minute discovery is the number of insurance policies which had been taken out against Loewenstein's life. Their combined sum was so large that the companies involved had to pool their resources.

Her husband was worth far more to Madeleine dead than alive—particularly since his fortune was like a house of cards, kept in existence only by the hand of the master. When that hand was withdrawn, panic took over. The complete collapse of the stockmarket. But by that time Madeleine had her money.

All the occupants of the aircraft died strangely prosperous lives after the "accident"—particularly the pilot, Donald Drew, who had followed a womanizer, who, although he was suffering from stomach cancer and drinking brandy in the cockpit, managed to see a good deal of the merry widow. It is a provocative conclusion to a compulsive book.

B. A. Young

Something told me...

THE UNKNOWN GUEST

by Brian Inglis. Chatto and Windus. £13.95, 224 pages.

BEFORE FREUD defined the unconscious, the philosopher Frederic Myers, a founder of the Society for Psychical Research, proposed the subliminal self. This differed from the unconscious, perceptible only in neurosis and psychosis, in that it might also produce such positive functions as intuition and inspiration. But what triggered the activities of this second mind? It had access to information unknown to the ego; it even, as in the forestalled suicide with which Mr Inglis begins his study, could use this information to modify the ego's intentions. This second mind is what Mr Inglis, borrowing from Masterlark, calls the Unknown Guest.

Even at modest levels, the working of the Unknown Guest is perceptible. When you speak, your words are chosen for you and put in order. You have been trying to remember some fact, and suddenly it pops up in your mind. Most of the examples Mr Inglis chooses, from the Koestler

Foundation's files and his own, come from the paranormal. He gives them under such headings as ESP, pre and retro cognition, "second sight," hallucination and so on. Some of his accounts appear trivial, but probably are not; many are familiar in pattern. Some seem bold and ridiculous. Like the Italian 10-year-old who could work out in his head the cube root of 3,796,116 in under a minute.

Most importantly, the subliminal mind is not a passive and inspiration. Unlike people confess its effects, without seeking its cause. George Eliot, Thackeray, Kipling, even J. B. Priestley, have said that they had only to take up their pen for the work to write itself. Alphonse Daudet heard what he was to write (just as Terence Rattigan claimed that each line of his dialogue came to him in the voice of his intended player).

Kevin, Faraday, Tesla (to whom we owe AC) saw their discoveries in their minds. There is the business of "synchronicity," in which time was interested, and which led Arthur Koestler to start his *Foundation*. This is the phenomenon of the "meaningful coincidence." There is a whole lot of other phenomena, recounting help-

ful coincidences or merely ornamental ones.

As always with investigations of the paranormal, much evidence is quoted but no conclusion reached. Mr Inglis quotes Max Planck's dictum that quantum physics "teaches that there are realities apart from our sense-perceptions."

There is an interesting reference to W. H. R. Rivers' study of the spontaneous movements of birds and animals in flocks and herds, and to suggest unconscious thought—transfer-

ence. But no judgment is made apart from the assumption with which we begin that there is some daemon, some some instinct within the mind that can produce this variety of inexplicable effects. So, as Inglis says in it, Churchill's final conclusion is that "the conclusion reached by all researchers in such matters: that it is worth going on with the investigation. My own feeling is that, although it is not a more likelihood of the subliminal mind being pinned down than of the common or everyday mind, or the soul."

B. A. Young

Days in the Sudan

HOME FROM THE HILL

by Hilary Hook. The Sportsman's Press. £12.95, 206 pages.

QUITE EARLY on, Hilary Hook decided what kind of life he wanted: Adventure, hunting, fishing, polo and when it was available, war. He can not say that life has disappointed him. From Sandhurst he went into a crack cavalry regiment in the Indian Army, commanding men of a similar taste to his own—Jats, Sikhs, Punjabis.

When the war came, his regiment remained for a long time uncommitted, which he found so frustrating that he joined the Australians as a private and found them new company in the New Guinea jungle. The problems of peace he solved with the Sudan Defence Force.

Hook gives graphic accounts of patrols in the desert, tormented by thirst, and of encounters with lions, elephants, crocodiles and guchilis perils. And, at last, when there was no more fighting to be done he found an agreeable and profitable way of life, organising Shikars in Kenya.

In between, hair-raising escapades, in peace and war, came spells of leave in London where White's or less sedate resorts were ready to welcome the wanderer with refreshment and good company. Now, in retirement, he remembers it all and graphically describes it.

Perhaps his happiest days were those he spent in the Sudan; quite unlike service in India, his soldiers were primitive huge, jet-black pagans who laughed all day and drank all night—crimes (he writes) except for drunkenness and adultery is rare. That is a good thing as you can't punish them, extra duties are looked on with pleasure and if you fine them it's their wives who suffer. Hook was allowed to shoot three elephants a year; it was a good

way to pay his Greek grocer. When the day's work was over he was a delight to look up at the blazing canopy of stars, listening to the noises of the African night and watching the moon sail up over the flickering embers of the camp fire. In every hunter, there is a poet.

Of course, these wonderful days could not last for ever. The world was changing, Africa above all was changing. The colonial powers were moving out too hurriedly as Hook thought with too little thought for that they were leaving behind. Hook was soon confirmed in his opinion that most of the best of the Sudan was being lost to the Sudanese.

When the day came when Hook had to give up his business as a white hunter, having found jobs for his staff and saying goodbye to his friends, he turned his back on that good life forever. "A life," says Wilfred Thesiger in the Foreword to this book, "neither here nor I could lead today under the changed conditions of the modern world."

"Othello's occupation gone!" I wonder.

George Malcolm Thomson

his old friend sheriff Hugh to the solution of the puzzle. As usual, too, the author invents some engaging marginal characters (young lord Richard Ludel, ten-year-old student of the abbey, is a charming Steven-sonian lad), and the natural setting is affectionately portrayed. The format of this volume—the first from this author's publisher—is a bit Ye Olde; but the prose is clean and unadorned.

In *Death in the Garden* it is the setting, and Jennie Melville cleverly conveys the village atmosphere that surrounds the story—is over-populated and there are some cul-de-sacs in the narrative; but the three main figures are sympathetic, fully delineated, and the central plot is neat.

William Weaver

CRIME

THE HERMIT OF EYTON FOREST

by Ellis Peters. Headline. £9.95, 224 pages.

DEATH IN THE GARDEN

by Jennie Melville. Macmillan. £8.95, 216 pages.

AS USUAL in a Brother Cadfael story the clotters of the Benedictine Abbey of Salter Peter and Saint Paul (which the blurb of this volume misleadingly calls "sheltered") witness some strange comings and goings. In *The Hermit of Eyton Forest* the wide unrest of 12th-century England becomes entangled with some local, greedy mischief, but as usual Brother Cadfael guides

Swedish drill airborne

MOMENTS OF TRUTH

by Jan Carlzon, president Scandinavian Airlines. Harper & Row. £12.95, 135 pages.

AFTER GRADUATING from the University of Stockholm's School of Economics in 1967 Jan Carlzon joined Vingresor, Sweden's largest tour operator. He became its managing director in 1974 at the age of 32, and soon reversed that airline's economic decline. In 1978 he became managing director of Linjeflyg, Sweden's major domestic airline, and in 1981 took command as president and chief executive of Scandinavian Airlines System, turning heavy losses into healthy profits within a year.

There was no magic about his performance, although many looking in from the outside might have believed there was. Jan Carlzon's fundamental formula was communications—at

all levels of the business, from the board room to the "front-line" staff who met the passengers every day of the year and who were the personification of what the various businesses he commanded were all about. Carlzon is especially strong in his views on delegating to the latter greater freedom to take instant decisions without reference to higher authority.

He argues that people who are handling people are the best people to solve those people's problems, provided they are given freedom to do so without risk of reprimand, or worse, dismissal—something that many so-called British "service industries"—British Telecom and British Rail, take note—could usefully read, mark, learn and set upon with customers.

Of course, it could be claimed

that comparable policies have worked up to point in British Airways, but there the airline was effectively bankrupt, shedding many thousands of workers, and it was essential for those who remained to pull themselves together and work the way the BA management wanted them to work. Moreover, although undeniably highly profitable, BA still has some way to go, for it is not all sweetness and light there yet, and even Carlzon has to admit that failures can occur.

Nevertheless, Jan Carlzon's book is well worth the outlay of money and time. At its published price in sterling the wisdom works out at 9p a page. Here is an investment that should appeal to any British executive anxious to see how someone else has done it, even if he does not intend to emulate the process.

Michael Donne

Russians may dominate Edinburgh, but on the Fringe Martin Hoyle reports that...

American groups carry the day

OUTSIDE the Caledonian Hotel, the largest building in Edinburgh and probably the largest hotel in Europe (according to them), at the height of the International Festival of the Row of flagpoles is bare except for two, proudly crowning the main entrance: the cross of St Andrew and the Stars and Stripes. This may be a shrewd Scots analysis of our socio-cultural colonisation: it also inadvertently comments on the Fringe—too big, too diverse, but gratefully kept aloof by a host of American groups. The official festival has emphasised Russia, on the Fringe the Americans carry the day.

The American Festival Theatre is currently packing them in at the Netherbow Arts Centre in the Royal Mile with a world premiere production of the stage version of *The Grapes of Wrath*. The same company won a Fringe First last year with their successful production of Arthur Miller's *Plays for the People*. This year's offering—along with a repertoire that includes an unfamiliar Lanford Wilson and the old hit comedy *Stage Door*—is indubitably better, perhaps because John Steinbeck is a greater writer than Miller, tout court, and certainly avoids the trap of portentous theatrics that attends Miller's writing, even at its best.

The magnificent adaptation by Peter Whitebrook and Duncan Low keeps the terrible, inescapable simplicity of Steinbeck's narrative style and generates an anger and a sense of purpose that recall Dickens.

The hessian drop-curtain bears a map of the Joad family's odyssey from dust-bowl Oklahoma to the promised land of California. Depression-era songs and marches of popular radio shows of the time promise a nostalgic welcome, but Rob McEldown's masterly production eschews sentimentality. Young Tom (Peter Spears) advances as narrator; from the first family group, glimpsed through gauze, he crouched over the unyielding earth, until the lights are turned on the audience to dazzle us with the golden vision of California, the first part moves fluently, switching effortlessly from grim to comedy with the help of Peggy Gillies's lighting.



Faith Geer and Albert Bennett in "The Grapes of Wrath"



Jack Klaff

static pools of light that break the general darkness. Agnes change places or regroup. Sometimes they deliberately seek sanctuary in the alien element of blackness. When Hamlet dies he takes a deliberate step, hesitating for a moment at the spot. Even when immobile, Claudius's court stands barely perceptibly jiggling to the rock music that the strenuously afeble usurper seems to use as an opiate. During the play-scene only Hamlet and his uncle are illuminated, staring each other out from either side of the

stage, while Gonzalo's murder is almost incidentally enacted by the players on the dim centre-stage (the mimic royalty's red robes make a splash of colour in the sombre murk).

This brisk, vaguely politicised production by Valery Relyakov makes a speedy, sometimes exhilarating three hours. Cuts include "To be or not to be" and most of the philosophical self-doubts. If Hamlet is not about conscience, decisiveness, will-power and waste, what is it about? The rest is silence; or rather Vangelis, Tangerine Dream et al. of which, it must be admitted, has a trivialising effect on the play.

Viktor V. Arlov has a faint look of David Warner, though his long, muffled face with its heavy-lidded eyes hints that the prince has a touch of the pugilist about him. The director plays Claudius whose deceptive geniality and sporadic remorse are more overtly emotional than we are used to in the west—indeed some of the acting from the mixed professional-amateur group is more wholeheartedly expansive than its modern framework. Nadzha Badakova's Ophelia assures that gift commensurate Russian actresses of combining heavy-featured solidity with melting vulnerability; her mad scene is especially strong, not too far removed from Scotland's own distraught Macbeth's lady. Last performance tonight.

that regular Edinburgh favourite Jack Klaff presents his one-man show, *Stand Up*. A man awaiting possibly bad news in hospital tries to compose a letter to his children. "I do not have the words to express how much I..." He tries again but never manages to complete the crucial phrase. Meanwhile we have the impressionistic kaleidoscope biography of Venezuelan-born Clay. Mr Klaff is likeable, intelligent and incisive as toddler, adolescent, father and mother (both alive and as no-nonsense voices from the beyond), bullying big brother who makes good as a comic in the US (his roneos are horribly accurate), and girlfriends.

His characters go off at their own tangents after their own pursuits. He gives a quick rundown on the origin of the universe ("The beginning was the word and the word was soup") and even embodies a subatomic particle before gently coaxing the audience to join in such a way as "There's no single entity in the universe. It's a universe for participation." For Mr Klaff is a humanist whose hour-and-a-quarter romp touches on Buddhism, Shinto and the doctrine of creation and destruction, our mutual responsibility for the world, interdependence, personal relationships.

All this to the counterpoint of his hero's life: Mama in political jail, then killed in a car crash; Clay himself tortured in Chile, settled in Britain. He whisks through the multi-levelled show with a table, a chair and mobile door-frame with a pane of perspex. He is not an impersonator but a conventional sense he demonstrates rather than becomes, didactic but kindly, and oddly moving.

At the Heriot Watt Theatre you can just catch the British comedy troupe "The Comedy Company" by the Danish writer considered by some second only to Ibsen among the Scandinavian giants. On the showing of *NO! Strindberg can sleep easily (if he ever did)*. J. L. Heiberg's 55-minute vaudeville dates from 1856, cries out for Offenbach, and parallels the Burnand-Sullivan genre of *Cos and Cos*.

Crusty old judge's daughter secretly loves a lodger, her father's law pupil. According to mother's law young man must propose to cousin Judge's plans for daughter concern entry provincial bell-ringer. Coincidence, misunderstandings, happy ending. The late Michael Flanders's lyrics, written for a TV version, are neatly Gilbertian. Stuart Barham's music is aptly tuneful and if Michael Flanders's lyrics, written for a TV version, are neatly Gilbertian. Stuart Barham's music is aptly tuneful and if Michael Flanders's lyrics, written for a TV version, are neatly Gilbertian. Stuart Barham's music is aptly tuneful and if Michael Flanders's lyrics, written for a TV version, are neatly Gilbertian.

The final impression is of cheery innocence, though what a post-Freudian age makes of the domestic coupling of bell-ringer and judge (the latter deluged at the prospect of pulling the great bell at last), I dread think.



Rehearsing within earshot of baying guard dogs on the border

Symbolic sounds

EVERY SUMMER the worldwide Jeunesses Musicales federation reassembles its World Youth Orchestra—a body of over 100 talented players aged between 18 and 23, of whom a third are replaced each year—and settles it in one of 30 or so member countries for an intensive training course leading to a series of concerts in major venues. Since the orchestra was established (in 1969, under Canadian auspices) it has been conducted by a roll-call of the great: Igor Markevitch, Erich Leinsdorf, Leonard Bernstein, Serge Baudo, and many others. It is doing a marvellous service to young musicians, to music itself (since a lengthily prepared student orchestral concert often achieves higher performance standards than professional concerts), and nearly always a greater spiritual intensity), and, of course, to international relations: the World Youth Orchestra is a resonantly symbolic entity.

Never will its symbolic status have been felt so acutely, however, as this year when its rehearsal and all but one of its six concerts took place in that most tragically symbolic of cities—Berlin. The orchestra's activities there during the last month occasioned a veritable cluster of symbolic gestures; its presence seemed like an affirmative force expelling the ironies and geographical absurdities of the politically divided city.

This summer the orchestra represented 31 nations, and 10 of the players, including the leader, Catherine Warburton, were British. The British contingent enabled all the latter to attend, and also paid for the British soloist, tenor Robert Tear, and the British conductor and assistant conductor, Jeffrey Tate and Graeme Lister. The main work played was British—the *War Requiem* which Benjamin Britten wrote for the consecration of Coventry Cathedral in 1962, and no work could be more apposite for these concerts in Berlin.

The Boy Choir of Harlem flew from New York to take part in the Berlin performances, and the main chorus was Der Wiener Junge-Chor. The other vocal soloists were the American soprano Carol Vaness and, replacing the indisposed Dietrich Fischer-Dieskau (for whom Britten originally devised this baritone part), his protégé Andreas Schmidt, a West Berliner though a member of the East Berlin Staatsoper company.

The *War Requiem* was performed on both sides of the Berlin Wall. At the moment, profusely celebrating the 75th anniversary of its foundation, but this was the only major commemorative event shared by East and West festivals. Moreover, the live television relay of the first of the performances, in East Ber-

lin (last Saturday—the West Berlin performance followed on Sunday), signalled the first ever collaboration between East and West Berlin television stations. A less dramatic triumph of diplomacy was that the orchestra was not compelled to stay overnight in East Berlin after its concert, although some members regretted the fact.

The players were housed and they rehearsed at the Heimvolkshochschule opposite the beautiful Jagdschloss Glienicke, a quarter-of-an-hour drive out of West Berlin to the border. The middle of the little lake by the Schloss exactly marks that border, and the howling of guard-dogs behind

the barbed wire on the far bank was frequently audible to the musicians as they practised or slept. Young people who stay at the Heimvolkshochschule regularly have to have it impressed on them that they must not try to climb the wall.

Grant Llewellyn and the Berliner, Gerd Albrecht, took the orchestra through its preliminary rehearsals; the main problem at that stage was apparently to persuade the technically-minded Eastern and Far Eastern members to accommodate themselves to the more sober yet orchestrally-minded approach of the others. There were, however, opportunities for soloists, since the *War Requiem* calls for a chamber orchestra (underpinning tenor and baritone) set off from the rest; and Yugoslav double-bassist, Bomo Paradzik, was visually and musically prominent here.

The eventual performances, shaped and inspired by Jeffrey Tate, were magnificent. The first of them, at the East Berlin Schauspielhaus—a war-wrecked building now superbly restored and with a meticulously detailed (if just slightly gaudy) interior—was helped forward by a sympathetic (shoebox) acoustic, a desperately enthusiastic and adoring audience, and the fact that tickets had been sold out months before; English critics had to content with seats on the front row, and the sense altogether of a fabulous and historic occasion.

The second performance was at the completely contrasting Philharmonie hall, that modernist fantasy of a building (with renowned, modern, and odder and odder parts) set in a wooded and oddly desolate part of West Berlin. Tickets were equally at a premium for this

performance, though the expectation of hearing Fischer-Dieskau must have accounted for the excessive demand in both parts of the city. The first performance had the sharper edge of intensity; the second, though, was barely less overwhelming. I found that my seat on the front row of the Schauspielhaus was actually an advantage: the physical immediacy of the music was deeply moving and, amazingly, not bought at the price of a partial response to the whole ensemble—the several textural layers of the work sounded securely focused even from this position.

The orchestral playing in both performances was accurate and blooming, inventive and alive. The Harlem boys, waiting their sound down from high balconies, sang with a sensitive line and produced a rare huskiness in their alto register which I think Britten would have liked. Carol Vaness was totally in command of her now declaratory, now delicately elegiac part. Andreas Schmidt, though lacking the last refinements of verbal articulation and occasionally in need of larger vocal projection, gave a heartfelt performance.

It was Robert Tear, though, who captured both evenings with his seasoned, utterly fresh-sounding, currently definitive interpretation of the tenor role. The scarcely audible but splendidly with which he commenced "Move him into the sun", the searingly eloquent climax to which he rose on "Was it for this the clay grew tall?" and the play grew all the more intense. The climactic intensity of "O woe made famous submersed tiller" to break earth's sleep at all" coming when one hardly expects it, were unforgettable, and touched one as though they were the primal discovery of poetry.

Poignant beyond even this was the apprehension that the young men of the accompanying chamber orchestra were exactly the age to have been slaughtered in the trenches themselves.

Tate's direction ensured that we perceived the hour-and-a-half work as an absolutely clear though prodigiously complex structure, and an immense lyric flow. The sheer continuity of the *War Requiem* and its use of disparate materials and multiple levels of discourse seemed more than ever miraculous. Above all, its message of peace and reconciliation, and the example of its own creative sources in "well we sunk too deep for war" will have been powerfully appreciated by the endlessly applauding audience in both Berlins. "We were the march of this retreating world. Into vain citadels that are not walled," the baritone sang at the end with unwavering irony. Within 24 hours the symbolic survivor of the catastrophe which led to the Wall, Rudolf Hess in Spandau, would be dead.

Scots at the Proms

THE SCOTS are acquitting themselves stylishly. During the first week of the Edinburgh Festival it was the Scottish Chamber and the Scottish National Orchestras alone who let us hear what real orchestral playing is all about. And the performances at Wednesday night's Prom, played by the BBC Scottish Symphony Orchestra under their principal conductor Jerry Maksymuk, were a welcome contrast to the sloppy, nonchalant readings given the previous evening by the BBCSO under Rohdetsky.

I have never cared overmuch for the somewhat thin, nasal, metallic timbre of this young Russian violinist; and I found his performance adept, but peculiarly charmless—Belkin is also one of the new generation of virtuoso players who seem to have forgotten both the nature and the function of non-vivato sonority. His fast automatic background vibrato, present whatever the note or its expressive context, quickly became tiresome.

At Thursday's Prom the following evening, the playing of the Chamber Orchestra of Europe under Abbado was another delight. They matched The Kiss with Stravinsky's other famous derivative ballet score, *Pulcinella*—although here the alchemy is only partially com-

plete, and the compositional stance far nearer that of Stravinsky: a brilliant tour de force re-creating the manners and resonances of 18th-century Naples from original blueprints, rather than a heartfelt homage. There is no yearning in *Pulcinella*: only high-flying excitement. The three soloists, Ewing, Langridge and Polgar, sang their small parts with relish—I specially loved Miss Ewing's "Se tu mami" which she gave with marvellous delicacy, exactly to the point, never dry, never over-infected.

Abbado was on precise and muscular form in the rest of the programme: the orchestra's account of Rossini's *Silken Ladder* overture—always an irresistible curtain raiser—was one of the most buoyant and exciting I've heard in years; and their Mendelssohn Scottish symphony positively bubbled with energy, alive with colour.

Dominic Gill

CHESS SOLUTION

Chess No. 685 1 Q-QN8 (threat 2 R-Q7 and 3 R-Q1), B-N2; 2 RxB, or if P-B4; 2 RxB, or if K-R7; 2 R-Q7; 2 R-Q7. Traps include 1 R-Q7? B-N2; 2 R-R2, B-R3!

Entertaining travelling companions

FOR SUMMER listening, there is excellent variety in the new 2-cassette, abridged-book sets from Listen for Pleasure and Argo. These short versions can represent as little as one-sixth of one-tenth of the original text: they can satisfy the listener with the flavour of the story, the heart of its plot and 2-3 hours of enjoyment, or they can send one back at the end to the printed word and the extra pleasures of the full version.

The *Kos-Tibi Expedition* from Listen for Pleasure (LFP 7282; abridged) had me lovingly leafing through my faded old copy of Thor Heyerdahl's true adventure story—translated from the Norwegian and published in England in 1950—of six men setting out on a huge balsam raft to sail from Peru to the South Sea Islands to show that the peoples of Polynesia could have arrived in that way. This short version, beautifully

read by Tim Pigott-Smith, gives three hours of listening, and well expresses the story's timeless appeal.

In complete contrast is LFP's short version of Joseph Heller's classic American novel of the Second World War, *Catch-22* (LFP 72045). Since the novel was published in 1961 (a year later in Britain), Orr's dilemma—would he be crazy to fly more combat missions over Italy and save if he didn't, but if he was sane he had to fly them—has become part of the language. Death whether in combat or by accident is never far away, and the humour, divided between irony and farce, is pretty black but the story is hilariously funny and, not unexpectedly, Alan Arkin's reading is spot on.

John Mortimer's *The Trials of Rumpole* (LFP 72005) consists of "Rumpole and the Man of God" and "Rumpole and the Age of Retirement," read by read by Tim Pigott-Smith, gives three hours of listening, and well expresses the story's timeless appeal.

No hope of ignoring the tenth anniversary of Elvis Presley's death, which meant so much to so many. To me he was just a singer who sang almost as badly as Madonna, and I heard nothing to change this view. I confess that I was not up for Radio 1's two hours from 5.30 to 7.30 on Monday morning,

Spoken word

Rumpole himself, Leo McKern, in splendidly inimitable mode. To Let (LFP 7282; abridged) is the third part of John Galsworthy's "Forsyte Saga" (pub. 1921) and the third instalment of this great plea for racial co-operation and sympathy in South Africa a moving experience for the listener of today.

From Argo comes a well-abridged version of Kipling's *Kim* (Say Series 418 144 4). Every omission from this supreme story is a loss hard to tolerate, but the flavour of it gets through, the plot is intact and its larger-than-life characters—Kim's lama, the burly Afghan horse-dealer Mahbub Ali, fat Hurree Behn and "Rumpole" are alive and well and travelling up and down

the teeming roads of India in Tim Pigott-Smith's well-orchestrated reading.

Kim was published in 1901, Alan Paton's *Cry the Beloved Country* (LFP 7288; abridged) almost half a century later in 1948, but more than years and geography separates the two. Ben Kingsley makes of this great plea for racial co-operation and sympathy in South Africa a moving experience for the listener of today.

For little girls of eight or nine upwards, there is a set which most parents would not have to have to listen to on a

long holiday drive: Noel Street's classic *Ballet Shoes* (LFP 7288; abridged) about a family of little girls brought up by a nice young woman and her nanny and destined to become an actress, an engineer and a prima ballerina; pleasantly read by Jan Francis.

The long vacation is a good time to note that Argo have now released, in boxed 2-cassette sets, the entire Shakespeare canon recorded under the auspices of the British Council in the 1950s and 1960s. The plays have full casts, including Sir John Gielgud, Dame Peggy Ashcroft, Sir Michael Hordern, Tony Durrill, Roy Dotrice, Angela Baddeley, Ian Holm, Geraldine McEwen, Derek Jacobi, etc; almost all the plays are in the uncut New Shakespeare version edited by J. Dover Wilson.

Mary Postgate

Radio 4, which did produce two new pieces for Afternoon Plays.

Radio 3 borrowed one of last year's Radio 4 plays, *Vital* and gave us two more of Peter Redgrove's fairy tales. It was a pity to schedule all these so close together; the formula gets less entertaining. *The Jumper Tree* (Tuesday) is a horrible tale about a boy who is cooked by his stepmother for family supper, and comes back as a bird to wreak his vengeance. There was a lot of uncharming incidental music by Stephen Rollings, including difficult songs for treble Anthony Coupe.

The other, combersomely entitled *The One Who Set One to Study Fear*, called on Bach. As I recall, it was not fear the boy was looking for but the ability to shudder. He finds it with his first orgasm, says Mr Redgrove, in the depths of a split water-bed.

B. A. Young

India put in perspective

Radio

I dipped into Radio 2's *Sounds of Presley* on Saturday and I heard a bit of Elvis—Ten Years After, from Radio Trent. There were some sympathetic contacts with British fans, and recordings of Elvis when he was still young enough to call the interviewers "sir." I thought it full of pathos, in a way that I could not go along with.

If Dr Goebbels could have found a singer of Presley's calibre, he might have done better with the mock-English jazz programmes he put on on short-wave radio during the war. His ministry assembled a decent dance-band, whose singer Charlie sang lyrics designed to disaffect English-language lis-

teners. I never encountered anyone disaffected by Charlie, but by the middle of the war we were all indeed singing a number from the German radio. It was called "Lilli Marlene," Michael Pointon, with Martin Esslin and the band's veteran drummer, sent the whole business up in their programme *Swingtime for Hitler* (Radio 4, Sunday).

The seasonal repeat phenomenon is at work in the drama department this week. Saturday Night Theatre gave us Nicholas Blake's *The Smiler with the Knife*; again, the Monday Play was Henry Reed's adaptation of *Moby Dick*, dating from 1979 ("a tribute to Henry Reed and Colin Blakeley," well deserved); there are the five parts of *Bhowani Junction*. All these on

Raj to Raj (Radio 4, Wednesday and Thursday) is a five-part study of India since it became independent 40 years ago, conducted by Mark Tully, one of the BBC's best foreign correspondents. The first programme last week considered the numerous problems left by Britain's hurried exit, when it was said that "Mountbatten did a good job for Britain but bad for India." There was the conflict between politics and religion in the effort to form a secular state; there was even the need to decide the language in which government should be carried on. (Pandit Nehru favoured English.)

In this week's programme, Independence has been achieved, but problems remain. The "green revolution" meant sufficiency of grain, India was a great industrial nation, prepared for nuclear power from its own reserves of uranium and thorium. Yet in Bombay it

WEEKEND FT

SPORT

Racing/Michael Thompson-Noel

The man who mastered time

At 77 Phil Bull, the founder of Timeform, is still a perceptive and provocative crusader

TO HELP celebrate its 40th anniversary, Timeform—one of the great institutions of the turf—has produced a brochure that contains ringing endorsements from all the top names in British racing.

Those lining up to pay homage to Timeform include the Queen Mother—"my warmest congratulations"—Lord Fairhaven, Sir Ian Trethowan, Lord Forchester, the dowager Lady Beaverbrook, Jim Joel, Paul Mellon, Robert Sangster, Sir Michael Sobell, Lester Piggott, Pat Eddery, Vincent O'Brien, and so forth.

The most original contribution is the one from champion trainer Henry Cecil, the rose-growing wag of Newmarket, whose genius on the gallops comes out in a penchant for dotty rhymes.

According to Henry:

Oh what a wonderful volume,
A truly magnificent book
You can see all the animals' ratings
Is the time that it takes you to look.

The volume he is referring to is the celebrated Timeform Weekly Black Book, which at £13 a throw arms several thousand subscribers with potent ammunition with which to seek winners and harm the bookies—not terminal harm, but grievous.

Apart from detailed information (plus ratings) for every horse in training, the Black Book contains big-race previews and features, the weekly Timeform interview with a leading trainer (which is rated an A-one-body by those who are genuinely in the know), results from Britain and abroad, and so on—in short, millions of facts, all of which are revised, amended, prepared, collated,

printed, trimmed, bound and dispatched to a fanatical readership of owners, trainers and punters by 3 pm every Wednesday.

There are other Timeform services, notably Timeform Race Cards, Ratings, Horses to Follow, a phone service and a 1,000-page Timeform Annual which together add up to a 22m-a-year business, based in Halifax, that is still overseen by Timeform's founder, Phil Bull.

Bull is a grumpy figure with a white beard and a pipe who is 77 now—"I'm old, tired, and full of aches and pains"—but who remains as sharp (and as sharp-tongued) as he was one of this century's most successful turf crusaders.

He is a professional Yorkshireman, and don't you forget it—brought up in Hemsworth, where his father was a miner, grammar school-educated and a maths graduate of Leeds. He arrived in London in the 1930s, started as a school teacher, and divided his spare time between sociology lectures and going to the races. He made money from betting and from running a service called Temple Race Time Analysis, with recommendations based on the track times recorded on his own stopwatch.

It was from these origins that Timeform grew, so that today, mixing shrewd analysis with polished commentary in the manner invented and perfected by Phil Bull, it can describe itself as the largest organisation in the world devoted exclusively to supplying comprehensive information and opinion for all horses racing on the turf.

Bull's right-hand man and managing director is the dapper Reg Griffin, a valued administrator who still reports for Timeform on most of the major flat meetings in Britain, Ireland and France. Griffin has a civilised sense of humour, as well he might: he owns 30 per cent of Timeform (Bull owns the remainder).

"Integrity is all," explains Griffin. "Timeform is sometimes called by owners to revise its verdict on particular horses, but they get very short shrift. We employ racecourse interpreters. We don't want to hear that a horse won by two



Phil Bull: "Who says that I've mellowed?"

lengths. We want to know what it means.

"For example, when Reference Point (this year's Epsom Derby champion) won the last autumn's William Hill Futurity at Doncaster, the judge put his winning distance at 5 lengths. But Phil was on the finishing line. Phil is always on the line. That's nonsense, he said—'it was 6 lengths. So that was how Timeform interpreted the form'.

Reference Point is currently on a lousy Timeform rating of 145. At 13 miles Timeform rates him every bit as good as Dancing Brave and Shergar, while Griffin regards him as an "absolute certainty" for the St Leger, which is expected to be his next race.

Naturally, 145 is super-elevated. In contradistinction, Elegant Stranger, a two-year-old,

bay gelding by Krayan out of Tumvella by Tumble Wind in which I just happen to own a 1,000th share, is currently rated on 66, which is not at all elevated. His dam was a "poor Irish maiden," notes Timeform smugly, though conceding grudgingly that Elegant Stranger is "aided by 72: may improve further."

Quite so. At Yarmouth on Thursday Elegant Stranger scored his second victory in four starts and won a prize of £2,721, starting at 17-2. He cost 5,000 guineas. The most expensive animal in the race, Moudhish, owned by Sheikh Mohamed al Maktoum of Dubai, cost 400,000 guineas and finished nowhere, having unseated his rider after the stalls opened. Such is luck in life's brief lottery.

Phil Bull has been a gambler of note. "When I was a school-

teacher," he says, "my salary was £173 per annum less deductions. I could make far more money backing horses than working. In the late '40s, '50s and early '60s—before betting tax—'it was child's play to make £20,000 a year backing horses—and I did."

He was also a successful owner and breeder (his colours are cerise with a white circle). I had nominations to all the best stallions in Europe, and not one cost me more than 400 guineas.

"But I can't compete with the Arabs. Nominations have rocketed from 400 guineas to the best of a quarter of a million for the top horses. These are people to whom money is of virtually no consequence. Their money, after all, comes spurring from the ground."

Apart from Timeform, Phil Bull is best known for his life-long campaign to modernise and improve racing for the benefit of ordinary punters—a crusade that has led him into conflict more often than not with the Jockey Club, which rules British racing.

"The Jockey Club proceeds on the basis of tradition," says Bull haughtily.

I asked him why he couldn't choose to view the Jockey Club as a splendid anachronism, a relic of which racing would be poorer.

He said: "Knock out splendid and you might get it right."

I said that I was surprised that age had not mellowed him.

"Mellowed," he snapped. "Who says that I've mellowed?"

"No," I replied. "I'm surprised that you haven't mellowed."

"How could you know?" he asked.

"Because I remember the views that you were canvassing in the '60s and '70s."

"Do you, now?" he said. "So how old are you?"

"Forty-two," I replied.

"Then you are older than you look."

It was the perfect forking floodlight. I had forgotten that Phil Bull plays chess.

Golf/Ben Wright

A curse on the infernal cart

I am becoming depressed with the American game. It is far too expensive and time-consuming.

wonderful (and often far-from-wonderful) caddies. I would willingly take the rough with the smooth if I could regularly enjoy the company of a professional, who was fired from one of the biggest golf resorts in Florida because his employer, the owner, was so jealous of the fortune he was making by owning the cart concession.

On the score of expense, carts have made a negligible contribution in helping to speed up the game, despite the claims to the contrary put forward by those who favour them. But televised golf, and the absurdly small-scale progress of the professional, Nicklaus was and is the most guilty offender—in the most industrial factor in promoting the absolutely infernal pace of play at all levels.

Green fees have become so excessive because of the American fetish for manicured ornamental gardens, and I suspect that Augusta National Golf Club must shoulder much of the blame for this by looking so damnably beautiful on television.

There has been a recent move by golf course architects towards duplicating so-called Scottish courses in the hope of minimising maintenance costs. But with very few exceptions the results have been laughable.

to say the least. The pitch and run of the hole is virtually nonexistent from modern American golf courses, and the proliferation of sand bunkers has added vastly to the expense of upkeep at many courses, some of them destroyed by Nicklaus.

I hate to play most of Nicklaus's courses because they largely appear to have been designed for his, not the hacker's enjoyment. Nicklaus's insistence that golf should be played downhill so that all hazards are visible is laudable.

But it also means that one must inevitably climb up to every tee, cart or no cart. At Nicklaus's designed Muirfield Village, the distance to be walked upwards between greens and tees is roughly a mile and one furlong. At Glen Abbey near Toronto, the Nicklaus-designed permanent home of the Canadian Open, that distance is almost a mile-and-a-half.

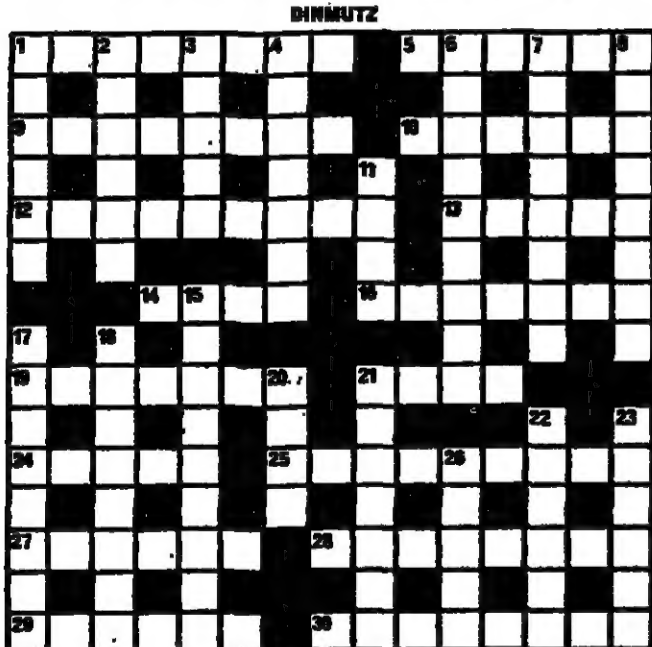
So Nicklaus can also be blamed for promoting the use of the dreaded cart. In addition, many of his courses have annual maintenance costs of well over \$1m. At some of them Nicklaus's attempts to imitate Scottish bumps and hollows have actually created areas that look far from natural.

Lack of space prevents me from cataloguing further my pet hates now, and I shall return to them later; but I would be remiss not to mention that high on the list are rowdy, mostly beer-soaked spectators who are multiplying in ever-increasing numbers, plus the selfish fools who, because they have paid a four-figure sum for the privilege of playing in a major pro-am, refuse to pick up their golf balls when a member of their team has already made a birdie three and they are facing a sizeable putt for a seven.

To end on a positive note, I am constantly encouraged by the number of American golfers who return from Great Britain and Ireland raving about British courses, caddies, and the real thing in golfing, which is that they find it wonderful.

And it gives me great pleasure to report that I have just accepted an invitation to play in a four-man tournament—the real thing in golfing—Pennsylvania, in late September to benefit a local charity. All competitors are required to wear jacket and tie "in honour of golf's roots and traditions across the Atlantic." More beef to come.

FT CROSSWORD PUZZLE No. 6,411



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

ACROSS

- 1 Start to disrobe—very hot day outside for a bicycle (8)
- 2 Dormant—please distract (9)
- 3 Flow vessel was seen at night on 237 (6)
- 4 Naked girl with farmhouse (10)
- 5 Playful desire on hard lines (8)
- 6 Take a breather, energy is needed for this fencing movement (5)
- 7 After midnight, boy is cheerful (4)
- 8 Sheet-worker's spectacle (7)
- 9 Single in outskirts of Bury? Nonsense! (7)
- 10 Great many reported in building plot (4)
- 11 Minor obsession about night (5)
- 12 Paint-brush material for many coats? (5-4)
- 13 Missing like a common carrier (6)
- 14 Malefactor lied over—and over (4-4)
- 15 Eccentric sort with split belly (8)

DOWN

- 1 Decline to accept rubbish (6)
- 2 Propeller in bad setting on the ship (6)
- 3 Lakeside plant withering—sun taking advantage (5)
- 4 Shown around Venice by day (7)
- 5 Parking-lamp is raised with great pleasure (4-5)
- 6 Place for choosers—they make 'em barney (8)
- 7 Bobby returns with new teeth in handbag (6)
- 8 Gin duty put up (4)
- 9 No burial at sea for this German count (10)
- 10 Outline of Jack's area (6)

Solution to Puzzle No. 6,410

ACROSS
1. DRESS
2. DORMANT
3. FLOW VESSEL
4. NAKED GIRL
5. PLAYFUL DESIRE
6. TAKE A BREATHER
7. AFTER MIDNIGHT
8. SHEET-WORKER'S SPECTACLE
9. SINGLE IN OUTSKIRTS OF BURY
10. GREAT MANY REPORTED
11. MINOR OBSESSION
12. PAINT-BRUSH MATERIAL
13. MISSING LIKE A COMMON CARRIER
14. MALEFACTOR LIES
15. ECCENTRIC SORT

Solution and winners of Puzzle No. 6,409

ACROSS
1. DRESS
2. DORMANT
3. FLOW VESSEL
4. NAKED GIRL
5. PLAYFUL DESIRE
6. TAKE A BREATHER
7. AFTER MIDNIGHT
8. SHEET-WORKER'S SPECTACLE
9. SINGLE IN OUTSKIRTS OF BURY
10. GREAT MANY REPORTED
11. MINOR OBSESSION
12. PAINT-BRUSH MATERIAL
13. MISSING LIKE A COMMON CARRIER
14. MALEFACTOR LIES
15. ECCENTRIC SORT

SATURDAY

Indicates programme in black and white

BBC1
8.30 am The Family News. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

TELEVISION AND RADIO

Indicates programme in black and white

LONDON
8.30 am TV-am Breakfast Programme. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

SCOTCH
8.30 am The News. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

SUNDAY

Indicates programme in black and white

BBC1
8.30 am The News. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

GRANADA
8.30 am The News. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

WILDLIFE
8.30 am The News. 9.30 am The News. 10.30 am The News. 11.30 am The News. 12.30 pm The News. 1.30 pm The News. 2.30 pm The News. 3.30 pm The News. 4.30 pm The News. 5.30 pm The News. 6.30 pm The News. 7.30 pm The News. 8.30 pm The News. 9.30 pm The News. 10.30 pm The News. 11.30 pm The News. 12.30 am The News.

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